ADVANCED

MANAGEMENT

DECEMBER 1958
VOLUME 23 No. 12

Featuring . . .

Speeches and Activities of the S.A.M 1958 Annual Fall Conference held October 30-31 in New York City

In This Issue . . .

The Challenge Facing Management
Don G. Mitchell

The Task Force Approach To Getting Monetary Results From Organization Improvement Counselling
Malcolm P. McNair, Jr.

The "Results" Approach—Putting Free Enterprise Back In Business
Edward C. Schleh

The Changing Philosophy Of Management
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(Complete contents on page 3)

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S.A.M Constitution

Publications Editor: Beatrice Jones
Editorial Advisory Board: The S.A.M Functional and other National Officers also serve in this capacity.

DECEMBER 1958

VOL. 23 No. 12

CONTENTS

Articles

This issue contains 4 speeches given before the S.A.M Annual Fall Management Conference, October 30-31, in New York City. Mr. Harold Smiddy's talk was published in the November 1958 issue, and Dr. Leland P. Bradford's speech was published in October 1958. The balance of the talks will be printed in the January 1959 issue.

UNDERSTANDING S.A.M
by **Fred E. Harrell** 4

THE CHALLENGE FACING MANAGEMENT
by **Don G. Mitchell** 5

THE ART OF MANAGEMENT
by **Elliott J. Petersen** 8

THE TASK FORCE APPROACH TO GETTING MONETARY RESULTS FROM ORGANIZATION IMPROVEMENT COUNSELLING
by **Malcolm P. McNair, Jr.** 9

THE "RESULTS" APPROACH—PUTTING FREE ENTERPRISE BACK IN BUSINESS
by **Edward C. Schleh** 13

THE CHANGING PHILOSOPHY OF MANAGEMENT
by **Erwin H. Schell** 18

Features

Know Your 1958-59 National Officers
VI—**James E. Newsome** 16

Research Professor Appointed S.A.M
Vice President of Research and Development 23

1958 S.A.M Awards Presented at Annual
Fall Conference Banquet 24

University Chapter Awards Presentation
by Professor **Harold Fischer** 26

S.A.M Newsletter
by **Harold R. Bixler** 28

Advanced Management Library Service 29

Typical Chapter Activities—January 1959 30

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Understanding S.A.M

THE most valuable advice my attorney ever gives me comes out in the form of a question: "Couldn't you be wrong?"

Any one of us who has participated in a local chapter activity has learned certain things through that experience. This learning includes details related to the fundamentals of management; new angles in working with and getting along with people; and, most importantly certain knowledge of the composition, workings and desires of the local chapter members. This personal experience tends to make one feel that he knows what is good for S.A.M chapters in general.

In other words, on the basis of experience in one's own chapter, one tends to generalize with respect to all other chapters.

It is certainly true that people are people wherever we go. However, the practices in business and industry tend to be affected both by location and type of business or industry.

For example, among more than seventy senior chapters there are nine which have more company members than individual members. It stands to reason that a chapter comprised primarily of company memberships tends to desire different programming from a chapter with a predominance of individual memberships. "Programming," of course, includes general and committee meetings and educational activities.

A study of the membership figures for the year ending July 1, 1958 reveals other important evidence. For example, our Southeastern District has twice the percentage of company memberships as the average. Whether this is related to the fact that the Southeast is becoming increasingly industrialized with more companies there which are stimulated to encourage their employees to improve their knowledge and understanding of management, or whether S.A.M officers and chapters thereabouts have stressed company memberships, I don't pretend to know. Whatever the reason, the Southeastern Region is to be commended.

The same study makes clear the fact that the most heavily industrialized parts or our country are those which have had the greatest percentage drop in S.A.M membership over the past year compared with other sections. Also outstanding is the fact that from Kansas City through the Northeast to the Atlantic seaboard the reduction of company memberships has been heaviest. The average effect for all of S.A.M is that there has been a lesser percentage drop-out of company members than individual members.

So what? Simply this: when you, as a member, National Director, national or regional committee member, or officer of S.A.M, are called upon to exercise judgement or take action on any S.A.M business involving matters broader than those of immediate interest to your own chapter, be sure your mind is open to all the evidence available. Then weigh the evidence impartially so that the S.A.M program and action may be broad, tolerant and wise.

Fred E. Harrell

S.A.M National Treasurer

The Challenge Facing Management

by Don G. Mitchell

Chairman of the Board and President
Sylvania Electric Products Incorporated
New York

A talk given before the Annual Fall Conference of the Society for Advancement of Management on October 30, 1958

NOW THAT even the pessimists agree that our economy is heading toward a record annual rate of $450 billion before the end of the year, it doesn't seem possible that only a year ago most of us were just beginning to feel the first effects of the business adjustment. I am speaking of the majority of us, of course, because those in the capital goods business were already taking quite a beating. But the fourth quarter a year ago was a pretty good quarter for most of us, and it wasn't until the turn of the year that we began to see our sales and earnings begin to go down.

And now here we are, only ten months later, with the recession to all intents and purposes a thing of the past, and with industry talking in terms of new record sales and reasonably good earnings in 1959. From the very outset of the business adjustment I was probably more optimistic than most businessmen, but then I usually am. And yet I must confess than even I didn't believe that everything would come back quite this fast—by year-end, yes, but not quite as strongly as the really amazing upturn of the past several months.

Let's look for a moment at what brought that upturn. It was purely and simply a case of the economy recovering by itself, because we were smart enough not to let a lot of self-styled experts start monkeying with it. The spark for the recovery came from the strength and vitality of private enterprise. The American businessman saw the job that had to be done, and he *did* it, with resourcefulness, vigor, common sense, and good business judgment.

There is an old saying to the effect that "there is some good in everything," and as we look back over the past eight or ten months, I am sure that all of us will admit that the recession taught us some lessons. We found ways of doing things better than we had ever done them before; we cut out the fat and the waste that had built up in our organization ever since the war; we developed new processes and techniques, and we found a thousand ways of doing a better job. But, most importantly, we found that we could do all these things without crippling our organizations and without ruining morale. In fact, we found we not only adjusted our operations to the recession, but that we have ended up in better shape than ever before.

A few years ago this never could have happened. Your company and my company would have taken out the old economy axe and swung it at everything in sight, and it would have taken a great deal longer to recover from that economy wave than from the recession itself. Fortunately for all of us, industry has learned to take a more *organized*, a more *planned*, and a more positive approach to its problems. We have come to the realization that what we do today may live to haunt us a few months or a year from now. In other words, we've learned to look ahead, then to act on the basis of what we see. That may seem fairly obvious to us today, but how many of us acted that way as recently as seven or eight years ago?

Yes, we've made progress, yet we haven't really begun to reap some of the enormous potential benefits that come from effective planning.

Some businessmen seem to feel that long-range planning is like chasing a will-o'-the-wisp—it's good exercise, but you never get anywhere. Well, for my money the businessman who feels that way is only kidding himself. If you have *open-mindedness*, if you have *enthusiasm*, if you have *optimism*, and if you combine all of those qualities with a *practical approach to business realities*, then long-term planning will have more control over your future than anything else in the book.

But let's not dismiss some of these objections too lightly. Long-range planning takes plenty of doing. What you may think is long-range planning can degenerate into a never-ending series of meetings where everyone looks at beau-

DON G. MITCHELL is recognized as one of industry's leading authorities on corporate organization and policies, especially in the broad areas of decentralized management, vertical integration of manufacturing, scientific marketing, and human relations. He joined Sylvania as Vice President in charge of sales in 1942, and advanced successively to Executive Vice President in January 1946, and to President in May of the same year. He was elected Chairman in 1953 and in 1955 got the additional title of President, upon the death of H. W. Zimmer.

tiful charts and graphs, and pores over reports that have taken the full time of six men for six weeks—and you leave the meeting two hours later and you ask yourself: "What was that all about?" Well, suppose I put it this way: *Long-range planning is exactly what you make it.* You *can* do it, and you *can* profit by it, *provided* you and your associates make up your minds that long-range planning is a great deal more than talking in generalities.

The real key to the situation is this: No matter how skillfully and systematically it is done, *planning is only as good as its execution.* You can plan 24 hours a day, seven days a week, and every month of the year, but unless you have taken some equally well-planned *action* on those plans, you might as well have not started the process.

I have long since come to the conclusion that the most difficult part of planning is getting the plans off the ground and working. One way to help assure that you put your plans to good use is to make sure they don't get so involved and so visionary that you couldn't implement them even if you spent all your time trying. The other extreme is the plan that is so completely down-to-earth that it has all the imagination of a cast-iron pipe. Good planning means the careful blending of *horse-sense* and *imagination,* followed by a strong dash of *action-mindedness,* to get the plan working.

LET me point an area of the business where long-term planning is particularly difficult but, at the same time, especially important. That area is research and development. All you have to do is think of the electronics industry, where at least half the products available today weren't even on the market ten years ago. How can you possibly *plan* to double your product lines over a period of ten years, or even less? How can you *plan* some drastically new technique or some entirely new concept when you don't even know what the technique or concept is? Yet, that is precisely what an electronics company must try to do; it must plan for five years, or ten years from now, and at the same time it must bear in mind that the techniques upon which those plans are based may be obsolete three or four years from now. How else could we hope to develop flat-wall television or radar steering for your automobile, or an impregnable electronic defense system?

I can't think of a better example from the past than television. Ten years ago, television had been out of the laboratory about two years, and there were a few thousand sets. But it was a pretty meager business. Today, in my company alone television sets, tubes, components, and various materials going into components, represent upwards of $200 million in business. Mind you, this business didn't even exist ten years ago.

Did we plan it that way? I wish I could say we did, but we didn't. That balloon went up faster than anyone thought it would. To a certain degree we planned the research, the engineering, the manufacturing, but neither we nor anyone else planned for the unprecedented *rate* at which television took over. In other words, we could have done a better job of planning.

Difficult as it may be, however, you *can* inject a strong degree of planning into research and development, and don't let your ivory tower boys with the Tau Beta Pi keys tell you any different. Every so often they like to tell you that research is filled with intangibles and cannot be measured the way you measure other areas of the company. All I can say is that a good research and engineering director must be an ivory tower boy in one sense, but he also must be able to tie things down to the ground. Research and development can be planned and it can be evaluated, and you can put reasonably accurate price tags on it. It is difficult, but it *can* be done.

The transistor business is a particularly good example. That little gadget has received so much publicity in the past several years that some people have the impression that it suddenly dropped out of nowhere. You and I know that nothing drops out of nowhere. The transistor is an important development, to be sure, but it evolved very logically out of a great deal of carefully planned research and development work in solid-state devices and semiconductor materials. The companies leading in transistors are the companies which made a point of knowing the most about solid-state. You don't jump into a new field and suddenly achieve leadership; you *plan* your way into that field. It may seem to be new, but when you look at it closely you will find it is based on a field of research that is pretty well established.

The scientists and engineers make all sorts of protests when you try to tie them down to putting a price tag on their projects, and to give you some time tables. Let them protest, and keep asking for the price tags and the time tables until you get them. You also may find that the technical boys will even admit a few months later that they like to operate that way and were just as frustrated about intangibles as you were. After all, engineers like to deal with facts, and when you permit them to have fuzzy objectives, they may like the freedom, but they don't like the fuzziness—and you won't like the fuzzy results they turn in, either.

WHEN you look ahead and try to see where you and your company will be ten or fifteen years from now, you have to bear in mind that fifty to seventy-five per cent of today's sales of leading companies are derived from products that did not exist fifteen years ago, and many of them did not exist ten years ago. And you have to bear in mind something else: *new product development takes time.* The average time lag from the start of a new project in the laboratory and the introduction of a new product in the market-place is ten years. This means the seeds for your products of 1968 must be planted *now.*

Now, that means a basically *new* product, such as television, power steering, or the new synthetic materials. At the same time that you are working on these broad new ideas, you have to keep in mind that only about one out of ten of them ever reaches the market. You have to keep working away on your existing products—improving them and improving them some more. You can't afford to freeze the design on *anything* these days.

Well, let's assume that your laboratories and your engineering departments are doing a reasonable and practicable amount of planning, and everything seems to be under control in that department; how about the manufacturing side of the business? What do you do in an industry where the key word is "obsolescence" not only in the products but in the machines that make them? What *can* you do except help generate that obsolescence as fast as possible? If *you* don't, *your competition will,* and he'll end with with a cost structure that will put you over a barrel.

When you bear in mind that someone must design those new automatic and semi-automatic machines, and someone must train the people to run them, or design computers that will tell the automatic machines what to do and how to

do it, you have an inkling of the planning problem ahead of us. How else are we going to solve the problem of steadily rising costs and the constantly increasing demands for new and better products?

You and I know that making *more* of something is only part of the story; *we must make greater quantities at lower and lower unit cost* in order to build our markets. Not only that, we must develop new products and new ways of making them—and we must do it in the face of a technology that is getting more and more complicated all the time. That's what we mean when we call this a "dynamic economy."

You can wrap up this entire subject under the word "automation"—the need for a broader and broader use of mechanical and electronic equipment to help men do their jobs, not to displace them but to extend the breadth of man's *mind* and to increase the power of his *hands* . . . and even more importantly, *to provide new job opportunities.*

This is an enormous challenge for every one of us, and the only way we will meet that challenge is to plan larger capital expenditure in the next five or six years than we have made in the past twenty or twenty-five. In these competitive days it is a matter of survival. Those who don't make new capital expenditures will see their business and their investment washed down the drain by obsolescence.

Present-day plants and equipment could never begin to do the job that will be required in the years ahead. This presents an enormous planning problem to every businessman in this country and you can state the problem this way: *The rate of automation will have to be increased, let alone maintained, if we are to meet the future demands of our customers.*

As mentioned earlier, we should hit a new record rate of $450 billion in Gross National Product by the end of this year. By 1961 we should be getting up near $500 billion, and I wouldn't be surprised to see it nearing $600 billion within ten years. And projecting the trends ahead twenty years, we could well achieve a Gross National Product of $800 to $850 billion by 1975.

These figures are purely and simply a projection of *existing* trends of *existing* demands, and it seems to me that they are conservative, if anything. But the only way these potential demands can be met will be through increasing our use of machines, let alone maintaining the rate we have today. There simply won't be enough people in the working force. What I am really saying is this: *Automation will have to fill twenty million job vacancies over the next twenty years* because there won't be enough people in the working force to do it. Not only that, more and more automation is the only way we will be able to fight inflation, by counteracting the rising costs of doing business. That is the planning job facing all of us in the manufacturing side of the business.

As if that weren't enough of a problem, take a look at the administrative side of the business. The cost of clerical employment in industry and commerce has been estimated at nearly thirty billion dollars today, and is still going up. Fifteen years ago there were some five million clerical employees, or about eleven for each one hundred manufacturing employees. Today there are upwards of twice that number; the ratio is more than sixteen for each one hundred manufacturing employees, and that percentage is growing. There you have the story in a nutshell. Business has become so complex in every phase of its operations that better, faster, and less expensive ways of doing administrative work are becoming increasingly necessary, and the sooner we make our plans accordingly the better off we'll be.

What I am really talking about, of course, is electronic data processing — the gathering and processing of a wide variety of information relating to accounting, production, marketing, and so on. It is a case of taking drudgery out of paperwork, getting the job done not only faster but *better*. However, like any other machine in the manufacturing plant or in the office, the computer is a tool and nothing else. It is a tool that stands ready to do the job you demand of it, but from the standpoint of management, the most important job it can do is to extend business planning to a degree of skill, effectiveness, and speed that have never even remotely been achieved before.

As you can see, I am completely sold on data processing and the computer. At Sylvania, data processing not only is paying its own way but is opening up possibilities we didn't even know existed.

Now, then, we have looked at the importance of long-range planning in laboratories, the manufacturing plant, and in the office, but there is one vital element that we haven't touched upon. Not one of the problems I have been talking about will be solved by simply *planning* to solve them. You will recall that I said at the outset that "planning is only as good as its execution." Let me say it another way by asking this question: *Do you have the organization to develop the plans in the first place, and do you have the organization to put your plans to good use?*

Let me recommend for your consideration a program that is the foundation stone of Sylvania's planning. We call it the "Profit Improvement Program". Without it we would probably attain our objectives sooner or later, but we wouldn't ge there as soon and the results would be a fraction of what we are now getting.

PRIMARY contribution of our Profit Improvement Program is that it maintains an atmosphere and an environment in which the *negative* attitude of cost reduction is replaced with the *positive* attitude of *improving profits.* It's essentially a frame of mind and an attitude. It is *not* a special program or something extra that we undertake at periodic intervals; it is going on continuously, and it is a vital part of everyone's operations every day of the year. As a program, it records profit improvement ideas in a formalized manner, it assigns them to the department or the individual best suited to carry them out, and provides a means of follow-up until the project is either completed or abandoned . . . and I can tell you there are very few abandoned projects.

I am not suggesting that without this program we wouldn't have any improvements, but time and time again we have seen ample proof that this formalized, continuous program supplies that extra drive, recognition, and system that make our planning far more effective than it would otherwise be. In fact, we have conservatively estimated that this program has more than doubled the improvement we would normally have expected. If that isn't ample pay-off I have yet to hear of one.

To sum up this profit improvement philosophy of ours: profit improvement is the way to stop spending *useless* money, and to spend more *useful* money. That is the only way you can ever produce a *better* product than the competition, at costs *lower* than his, and sell it for *less.*

This is Profit Improvement in a nutshell: *It provides the horsepower that gets our planning off the ground.*

The Art Of Management

by Elliott I. Petersen

Vice President, Manufacturing-South
Mohasco Industries Inc.,
Greenville, Mississippi

AN AGGRESSIVE, ambitious young man appointed to a fairly responsible management position told me one day that he didn't understand why he wasn't getting results. He had his department fully organized with all the latest control devices and with well qualified people operating them, but he just wasn't getting the results he would like to see. Perhaps in his zeal to attain scientific management he had neglected to use the touch of an artist.

Much has been written about the science of management. Here the emphasis has been on the development of tools, and it is around these tools that the concept of scientific management has evolved. However, it is how these tools are used that measures the success of an enterprise. The method of putting them together and using them can only be described as an art.

No one would use an ax to sharpen a pencil, nor would he use a sculptor's chisel to fell a redwood tree. Neither would a wise administrator use a General Motors organization chart to run a filling station, nor attempt to operate a General Electric without an expert in finance.

It is therefore more important to learn how to use the tools of management than it is to know about the tools themselves. The tools can be bought but their coordination takes the supreme skill of an artist. After all, da Vinci, Rembrandt and Gainsborough had no better brushes, paints or canvas than any of the unknown artists of their day, but they are recognized as masters because of the use they made of these materials and not by the materials themselves.

Few artists are born. Most must be made. The art of management like any other art must be developed by practice, by analyzing the success of others, by the discussion of the use of techniques and by ample warning of the pitfalls of misplaced emphasis.

Certain organizations have been created specifically for the development and advancement of the art of management. They are constantly evaluating the various techniques that have been developed in the many laboratories of management and with energy and imagination bring them to the attention of their members. Such an organization is the Society for the Advancement of Management.

If the S.A.M didn't exist today some one would have to form such an organization in order to meet the hunger of today's management for progressive thought and effective action. Certainly no management can be satisfied with the techniques of yesterday to meet the problems of today. No individual who is the least ambitious can afford not to avail himself of every forum and agency that keeps him in touch with information that can equip him to do a better job.

S.A.M is exactly what its name implies. It is a society established for the advancement of management, and in carrying out its purpose it promulgates not only the latest developments in the science of its tools, but more importantly the up-to-the-minute techniques of its art.

Some of the most brilliantly conceived battle plans in history went awry because the plan wasn't understood or accepted down the line. The same goes for industry, and unless over-all organization is structured in such a way that *things are made to happen*, and that qualified people are assigned responsibility and held accountable for their decisions, you might as well throw your plans out the window.

For my money, the way to assure that *things are made to happen*, *when* and *where* they *should* happen, is through decentralization of management. In some companies, in some industries, decentralization may not work the way it does in others, although I can't think of any such situation offhand.

When you function as a truly decentralized company, and assign authority and responsibility as far down the line as possible so that decisions are made as close to their points of application as humanly possible, then you are organized for progress.

Let me add this word of caution, however: Decentralization can be carried too far, to the point that the various components of the organization ignore the corporate picture. The challenge here is to assure that the decentralized organizations realize that they are no better and no stronger than the company as a whole. You must assure that the operating management determines *what* should be done and *when* to do it, but that the corporate staff supplies advice and counsel on *how* to do it. The staff and the operating organizations must be a team, and keeping them operating as a team is the full time job of the chief executive.

In conclusion, let me suggest to you seven points which add up to the basic requirements of good planning:

1. *Application* — Let's not kid ourselves. Planning is work, hard work. And it's especially hard because you find yourself dealing with intangibles and imponderables, and trying to anticipate situations that may not occur for years.

2. *Study*—You have to look at all the angles, and dissect them, and dissect them some more. You liik painstakingly and analytically at the information you have before you, but you don't get so involved that you close your mind to the necessity for additional facts, or even some completely different approach. How many companies are still following their original long-term plans, and digging themselves into a big hole in the process?

3. *Brain-Power* — This is a case of back-stopping all your quantitative information with *high-quality* information —the very *best* information you can get. In too many instances the planners end up drawing a beautiful road map leading to the wrong place.

4. *The Will to Plan* — If you look upon planning as a chore, if you do it because the management books say that planning is something you've got to do, the results will show it. If you don't feel that the plan upon which you are working is important in the first place, drop it, and start one that you feel *is* important.

5. *Timing* — It seems to me we frequently put too great a premium on years; we think too much about five-year plans, ten-year plans, etc., instead of asking ourselves "Have we the *best* plan possible?". There is nothing magic about five or ten years. "Long-term" for your company might be two years. It might even be six months.

6. *Flexibility* — You have to make up your mind that once you have developed the best possible plan, you can't put it in a glass case and preserve it for antiquity. You have to change it when it needs changing, and you must deviate from it when deviations are necessary—*provided* you are able to determine when you are deviating and why it is necessary.

7. *Communication* — When you get right down to it, long-range planning is really a matter of communication. Long-range planning means communicating the plan throughout the organization, getting agreement on it, and getting to work on implementing it.

Trying to run a business these days without long-range planning is like trying to break the sound barrier with a bicycle. You need the guided missile approach—the investigation of the alternative courses, the selection of what seems to be the best one, and then the right kind of guidance system to take the missile to its target, even if it's the moon.

Whether it's the moon or something a little more prosaic, such as half of your competitor's markets, let me wish you the very best of success. ■

The Task Force Approach To Getting Monetary Results From Organization Improvement Counselling

by Malcolm P. McNair, Jr.

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A talk given before the S.A.M Annual Fall Conference, held in New York City, October 30-31.

ONE OF the tools or techniques of effective anagement, so we are told, is organization planning. If this is so, then organization planning should be an important tool just now.

But, is it? How many companies really use organization planning as a practical profit-making tool? Probably not very many. Thus, it would seem to be timely to take a look at some dollars and cents aspects of organization planning, and at a somewhat novel way of getting this tool used effectively. One way to get into this subject quickly is to tell you the story of our company's recent adventures in this field and to show you an example.

PRACTICAL NECESSITY FOR ORGANIZATION PLANNING

First, let's ask ourselves whether there is really any practical necessity for organization planning. To do this, look at some obvious truths in our current business situation. Selling prices are under strong competitive pressure. At the same time the costs of labor and materials trend steadily upwards. These are things over which any one management, generally speaking, has only limited control, and less certainly than they have over other profit factors. For example, here is the picture in dollars of a typical business designing, producing and selling equipment:

TYPICAL DPS BUSINESS
Breakdown of Total Costs and Expenses (Before Taxes)

Materials and Purchased Parts	$ 4.8 Million
Direct Labor	2.9 "
Fixed Factory Expenses	2.0 "
Variable Factory Expenses	1.9 "
Operating Expenses	3.8 "
Total Costs and Exepenses	$15.4 Million

Leaving aside selling prices and the costs of labor and materials, what is left that management can control? Fixed and variable factory expense and operating expense, in this particular case about half of total costs and expenses.

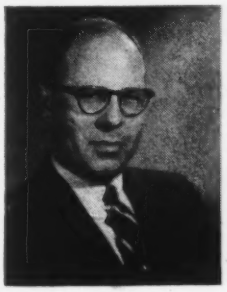
How much of this more controllable $7.7 million that is left consists of people—that is, people not classified as direct labor? In this case a surprising $4.5 million.

Even more significant is that $3.2 million of this indirect "people cost," or nearly half of the more controllable segments of total costs and expenses, was the cost of *salaried* people.

Now, as you have undoubtedly observed, a prime characteristic of the size of a salaried force seems to be its *inflexibility* in the face of changes in the level or nature of the business, particularly when the level is falling. On that score the recent experience of this same business was no exception. While sales volume and the number of hourly paid employees had fallen off in reasonable correlation, the number and cost of salaried employees had stayed level and even tended to increase.

In growing businesses we have observed this same problem of inflexibility in a less obvious form. There the difficulty seems to lie in shifting people from the pockets of no longer necessary work to new work as the needs of the growing business change.

So here is a basic dollars-and-cents problem for management today—how to most efficiently use people and particularly *salaried* people in securing the profit results which we must have in order to grow.



Mr. McNAIR received his A.B. degree from Harvard University and his M.B.A. from Harvard Business School. He was appointed to his present position in 1953. His business experience prior to becoming associated with American-Standard was: from 1947-48 he was Assistant to the Vice President, Employee Union and Community Relations, and Assistant Personnel Supervisor at Taunton Plant of Plastics Division, General Electric Company; from 1948-51 he was Supervisor of Sales Planning for the Plastics Division, General Electric. In 1951 he became Commercial Research Manager for Lever Brothers Company and remained there until 1953 when he went to his current position.

As we observed a moment ago, organization planning, in theory at least, is an important tool for managers to use in attacking this problem. But you also know that often it is not so used.

And so the question for us to tackle here is this—how can the staff organization planner and his management handle and present this particular tool so that it will be used more effectively? For one approach to this problem, let's turn to the story of our recent experience at American-Standard.

THE CONVENTIONAL STAFF APPROACH

Recognizing both the increasing importance of good organization structure and the need for reorganization, our management several years ago established a corporate level organization planning office whose main purpose, as it has been developed, is to bring about profit-contributing improvements in organization structures throughout the Corporation. We were to do this, of course, without any line authority over the managers directly responsible for these structures.

To give you some impression of the situation in which we work, we are a company of about 40,000 people, designing, making and selling plumbing, heating, cooling, kitchen and related equipment of many kinds in U. S., Canada, Europe, and South America, to improve comfort in all types of structures. We are set up in a series of operating divisions each of which is a net profit center. Backing up these operating divisions is a group of small service divisions. The organization planning department is part of one of these, the Personnel Administration Division.

We started our organization planning with the conventional staff approach—and therein lies the tale. Working with all the divisions we defined philosophy, percepts, approach, techniques, chart and job description formats, organization manuals and so forth—the usual tools familiar to you all. Some informed outsiders have been kind enough to rate this material as pretty good. The effort was strongly supported by the President which was, of course, essential.

But in spite of the generally recognized need and the logic and completeness of the approach, there was great apathy. There was noticeable resistance in some spots. Many organizations were analyzed. Some were reorganized, on paper at least, but with little real dollars and cents results where it was needed the most.

A tool which these managers badly needed to reach their profit goals was being dismissed or used half-heartedly by many of them as impractical, too theoretical, "a good thing, we must try it sometime", "all right for others but our business is different", and so forth.

Now the reasons for this are well known to all of you who have lived through or tried to install any sort of reorganization or organization improvement program. The obstacles in our case were typical and included: 1) Distrust of new ideas and theories—too abstract, not real; 2) fear on part of some individuals of being unable to handle new assignments; 3) reluctance to disturb status quo—inertia; and 4) difficulty of seeing profit implications, i.e. necessity. I might add that other corporate staff groups were running into many of the same obstacles in getting their improvement programs used effectively.

So, there we were, all fired up but not making much money with the conventional, logical staff approach to organization planning.

INCEPTION OF THE CORPORATE TASK FORCE

Then, a year and a half ago we developed another approach almost by accident. In April 1957 the management of one of the businesses we had acquired over the years decided to take a closer look to see if there was anything more they might do to improve their operations, and they invited the corporate staff to help.

As originally planned, the group was to include a good manufacturing man and a good cost accountant. Soon were added marketing, systems and finance men. Then the chairman found that the organization planning department had analyzed this particular business and invited an organization staff man.

The men in this group had some things in common. They all 1) were business oriented, "commercially minded"; 2) had managing experience in at least one primary function, and several were experienced in two; 3) were mentally alert; 4) were thoroughly familiar with the corporation's approach to organization and management; and 5) had several years experience on the corporate staff.

THE APPROACH

How did this team go to work? First, the organization planning man defined the actual arrangement of work. What did each position and group really decide and do? How did they tie in with others? How many people were here; how much did they cost?

Then he analyzed this operating pattern for obvious hitches and delays in the flow of work, for apparent pools of excess people, and for overlaps and duplications of effort, and he called these suspected trouble areas to the attention of the other team members. At the same time the financial member was determining the actual and indicated future financial condition of each product line and each major manufacturing facility. Simultaneously, each of the other members was checking his own functional area to get a quick size-up of the problems there in factual terms, guided both by his own experience and by the organizational and financial information given him. His emphasis was heavily on facts, not opinions. Then all findings were thrown into a common pot and relationships were sought between problems found in different functional areas.

Next, tentative solutions to these problems were developed by all team members working together. Then these tentative solutions were tested in real knock-down, drag-out discussion among the team members *and with the local managers* who were made partners at every step of the way. Now each team member was trying to think as a business man not as a specialist, attacking any weakness he saw no matter whose functional area it was in. The upshot of this was a balanced program for improving profits which included recommended action steps for:

- Streamlining the operating cycle
- Thinning out and improving the product line
- Reducing and balancing inventories
- Putting unused investment to work
- Improving techniques for planning and measuring
- Basically realigning the organization structure
- Reducing salaried force.

Finally, the local management worked over the whole report and decided what they would do, who would do it, and by when. They agreed to make periodic progress reports to the task force group who were on stand-by to come back and advise when local management requested, as indeed they did frequently in this case.

DISCOVERY — GOOD ORGANIZATION PLANNING DONE

Towards the end of all this, as it was realized that nearly all of the pro-

posed action steps were being well received and acted upon, it became clear that a by-product of this task force effort was a first-class job of planning and selling improved organization. And this in a place where the conventional organization planning approach had been tried previously with very minor success.

Why did organization planning work this time? Several possible reasons suggest themselves:

- The task force was talking to the local managers about *business* problems —how to make an extra buck—not about organization problems, marketing problems, finance problems, engineering problems, systems problems, and so forth.
- The words "organization planning" or "organization structure" were not used.
- Each tentative organization change was proved out in operating terms and in dollar effect as far as possible and was discussed in those terms.
- Organization planning was being used in its true perspective—just another in an arsenal of management tools for solving business problems and improving profits.

In other words, the task force was dealing in the same overall business terms as the managers they were trying to help and not in terms of specialties such as marketing, systems, finance, industrial engineering, production, or organization and administrative planning which any task force member out there separately would have been largely limited to by the nature of his regular staff responsibility.

NEW APPROACH

Thus we realized what I'm sure is obvious to you by now—that one of the secrets of gaining useful acceptance and understanding of the organization planning is to knit organization analysis and counsel into an overall consulting approach aimed at solving business or profit-making problems, and couched in the practical facts and language of those problems.

Following this approach, where we had businesses which would benefit by major organization change we have tried to combine the organization analysis and counseling with improvement counseling in other functional areas in a combined task force effort.

Where this combined effort was not needed or timely for some reason, we have nevertheless avoided as much as possible the terminology and the conventions of staff organization planning and have instead tried to get quickly into focus with the local management in terms of people, dollars, products and results expected—their terms, not ours.

OTHER TASK FORCES — TRAINING TECHNIQUES

The task force technique was so helpful the first time that it has been applied in several of our other businesses, by invitation of local management. Each task force has a follow-up responsibility with the business it worked with, so that the men who go on these forces are in almost continuous review of a number of our businesses.

Naturally, new personnel are brought into the force, so in less experienced groups there is always the question of maintaining the objectivity, thoroughness, and completeness of coverage.

Also, there is sometimes the problem of helping the local managers to get a new perspective on their own situations in relation to the rest of the business.

One of the ways in which the task forces have handled both of these problems is to develop clear understandings at the outset of a project as to the key functions required in that particular business and the major results expected of each function.

In one quite typical engineered products business the list looked like this:

- *Marketing Planning:* Establishing marketing objectives and factually determining and programming for each present or future product such essential decisions and actions as: What will the product be? Where and to whom will it be sold? For how much? Who will sell it? How many will be sold and when? What support will be required?
- *Advanced Engineering:* Technical development of future products up to the point at which commercial and cost appraisals are possible. Includes technical research as required.
- *Product Engineering:* Technical development of new product prototype to form suitable for normal production and marketing. Also includes technical improvement of present products.
- *Manufacturing Engineering:* Technically determining how to make the products assigned to manufacturing in the best way at the lowest obtainable cost.
- *Materials Management:* Planning production, planning raw and in-process inventories, procuring and managing the flow of materials into, through, and out of manufacturing.
- *Production:* Producing components and finished goods to established quantity, quality, time and cost requirements.
- *Sales:* Securing orders for the products being marketed and maintaining good customer relations through effective execution of marketing plans.
- *Marketing Administration:* Providing scorekeeping and administrative services to marketing planning and selling, and maintaining liaison with materials management

In this particular business these were the key functions comprising the operating cycle. Backing them up and servicing all of them were the two basic service functions.

- *Control and Finance:* Providing the measurements and data which the managers in all functional areas require in order to plan and conduct their work so as to secure the necessary results. Also includes normal financial services.
- *Personnel Administration:* Providing the techniques and programs which managers in all areas require in order to effectively use people in securing the specific results for which they are accountable.

It is important to recognize that in developing these definitions the task force was not recommending the departmental organization of this business. Whether or not any of these key functions should be organized in a separate department would depend on a number of other factors. The objective here was simply to establish a clear, common understanding as to the key results expected and the type of work required in order to gain the objectives of this particular business.

BY-PRODUCTS

There seem to be several significant by-products of this task force work worth mentioning before we look at our example. Those we have noticed include particularly the following:

- The Corporation is becoming more unified. The corporate staff groups have become more closely integrated with each other and

with the operating divisions.

- Management standards are being raised. The operating managers who have worked with a task force are becoming more professional in their approach to problems and more selective in choosing techniques for solving them.
- Development of future general managers is accelerated. Successful contribution to a task force requires a man to view a business as a single entity rather than a series of departments or activities, and to become intensely profit conscious.

ORGANIZATION PLANNING RESULTS WITH THIS METHOD

So much for task forces. What kind of organization planning results are we getting since we stopped talking about organization planning? Are really significant changes now coming about which were previously blocked? We think so. Let's look at an example.

The XYZ Division was a medium-small, consumer hard-goods business which mass produced and sold and had many competitors. Sales were below plan. Inventories were heavy yet some deliveries were slow. Costs did not respond quickly to control efforts. Sales forecasts were frequently revised. There was as much as a 60-90 day lap between revised sales forecasts and resulting change on the factory floor. Customer acceptance was spotty. Profits were below plan. Also, the salaried work force seemed large for the amount of business being handled.

This division was organized quite conventionally into departments for product engineering, manufacturing, marketing, and control and finance. Personnel administration was located under the manufacturing head. This was a single plant operation.

However, a closer look revealed the following: 1) Responsibility for materials management results was divided in 5 places reporting through 4 major executives; 2) responsibility for product engineering results was located in 3 places reporting through 3 major executives; 3) responsibility for manufacturing engineering results was tucked away in a subordinate echelon of a general engineering department; 4) responsibility for control and finance results was split between two echelons; and 5) responsibility for personnel administration results was limited and confined largely to the manufacturing area.

Following the task force these organizational changes were made by the division:

- The materials management responsibilities were brought together under a single head reporting to the manufacturing department manager.
- The product engineering responsibilities were consolidated under the product engineering department manager who already reported to the division head.
- The manufacturing engineering responsibilities were separated and given a new head who reported to the manufacturing department manager.
- The control and finance responsibilities were brought together under the controller who already reported to the division head.
- The personnel administration responsibilities, which already included labor relations and employment, were broadened to include organization, compensation and manpower planning and development service for the whole division.

What Have Been The Business Results?

- Sales have increased more than 40%.
- Inventories have been cut 40% and all deliveries are on schedule.
- Time lag between sales forecast change and factory schedule change has been cut to 10 days.
- One major new product has been introduced successfully.
- Manufacturing costs are headed down.
- Profits on sales and in investment are considerably improved.

Significantly, all of this was accomplished with 11% fewer salaried people.

Now, no crystal ball was needed to see the necessary changes in the organization of responsibility for results. Most of them had been seen and suggested before the task force went out but had not really been acted upon. This time, as part of an overall "business approach" these suggestions were acted upon, and with good effect on profits as you can see.

CONCLUSIONS

I realize that most of the things pointed out here seem painfully obvious. Yet, aren't all of us, particularly those with service or staff jobs, faced with the fact that our specialized skills are all too seldom brought fully to bear on profit improvement problems? Don't we all have this problem to overcome?

> *Education does not mean teaching people what they do not know. It means teaching them to behave as they do not behave.*
>
> John Ruskin

Could our difficulty be that many specialists are not sufficiently business or management oriented? Haven't we found that so much of business success today depends on better understanding by all of our people as to what *management* is as distinct from all of the regular and special kinds of work specialties needed in operating a business? Look at the flood of literature on the subject that crosses our desks. Yet we still come to these meetings such as this one to learn still more about this thing called management.

Perhaps what we in American-Standard are finding is that, in our zeal to improve in each particular type of work specialty, the approaches of our service people have become a little too refined, too academic, too formalized or whatever for the men who must operate, and so aren't used, though badly needed.

Perhaps we are finding, too, that the best way to get these skills and disciplines used is for each specialist, no matter how "refined" his specialty, to remember that the only reason he is there is to improve his company's profit position; that the cost of his specialty is a positive detriment to profits unless he can so present his skills that others in the company reach for them and put them to work; and that whether they use the professional catch-words or not, or give immediate credit to the specialist, or even do it just his way, are really of no consequence so long as he knows he will be remembered in the final accounting.

Certainly our task force experiences suggest these conclusions because they have forced each staff man participating to orient his knowledge and thought to specific dollars and cents profit problems in operating situations, and if he couldn't do this, to keep quiet.

This has been an excellent discipline in our company for those staff and operating men who have taken part. Also, as you can see from the example given, it has been particularly successful in bringing about important organization changes. ■

The "Results" Approach—Putting Free Enterprise Back In Business

by Edward C. Schleh

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THE pioneers who built the free enterprise system had to learn pretty much by doing in the harsh reality of making their efforts pay off. Basically, they had to produce results to be successful. To the extent that they did not, they failed. They were thus largely self-developed and learned the hard way. They did not have the benefit of management development courses, seminars, or a degree in business administration. The demanding work climate in which they operated required that they develop into men who drove relentlessly toward accomplishment.

Why doesn't the working climate in many companies develop such aggressive individualists today? Why must men be "management-developed" instead of moving ahead on their own? In my opinion, the free enterprise system is being subtly undermined by those who claim to be its greatest champions —namely, American management.

At the same time that we are spending large sums of money to combat what we often label as "Comunist propaganda" that opposes the free enterprise system, we are following management practices in our own companies which oppose it. These management practices often encourage employees to become dependent, to sluff off responsibility, to pass the buck. Companies are fencing men in with procedures, policies, budgets and protocol. Although the free enterprise system should by its very nature develop every man to his fullest potential, many companies do not actually apply it to their own men. As a consequence, they are often using no more than 40 to 60 per cent of the abilities of their people.

I do not believe we will see any radical change in this drift away from the free enterprise climate until management adopts what I call the "results" approach to management.

A talk made before the S.A.M 1958 *Annual Fall Conference, October* 31, 1958, *in New York City*

The "results" approach is basically a philosophy of operation, a way of management thinking, based on the premise that management's main job is to encourage all employees in the greatest contribution they can make to the objectives of the enterprise. It assumes that if people know clearly what *results* they are supposed to get, are given broad freedom to act, are made personally accountable for these results, and are finally concretely encouraged to get these results, they will produce maximum profits for the company. At the same time, each individual will be broadened and made capable of making greater contribution to the firm's success.

To operate well, every phase of company operation must be tied into this "results" philosophy. Management structure and mode of operation, authority concepts, pay plans, bonus systems, employee relations methods, appraisals, labor negotiations, etc., should all be set up to encourage and implement this development of the individual.

To illustrate this I have selected a cross-section of areas of management in which I feel the "results" approach

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is being violated. I believe that, to the extent that it is violated, management people are daily being steered away from vigorous, on-the-job development which is the most effective way to increase and strengthen the free enterprise spirit and attain maximum results.

RESULTS — NOT ACTIVITIES

The starting point is in the definition of the job. The problem here is that firms are frequently defining activity instead of results. They are asking people to do things—to run a machine, to supervise a crew, to make contacts, to carry out research—instead of specifying the *specific results* to be accomplished. This emphasis on activity extends into management jobs. Note the frequency with which job write-ups carry such headings as organizing duties, planning duties and coordinating duties. These are all definitions of *activity!* At the very outset they therefore do not point an employee toward a concentrated drive toward real accomplishment. It is a rare company, for example, that has developed sound results objectives right down to foreman and first-level supervisory position.

Instead, there is a tendency to develop procedure after procedure. An attempt is made to describe every step a man makes. How can a lower member of management learn to do some thinking for himself and develop judgment? He's too busy studying procedure manuals (which often imply a ban on his thinking).

But *defining* results is not enough. It was characteristic of a free enterpriser that he had to look for total balanced results to get the greatest net result. This meant that he had to constantly weigh the total effect of his efforts. If a Sales Department is required to get simply volume of sales, can they be expected to weigh profitable versus unprofitable items, the production needs of the plant, and the extra push needed on new products? If a foreman gets pressure to meet schedules, is he also expected to attain a level of waste, a unit cost, and a per-unit machine cost *as a steady requirement?*

POINT STAFF TOWARD RESULTS

The problem of defining "results" multiplies as the company grows and takes on staff functions. In many companies staff functions have no responsibility for results whatsoever. A firm may state that it is the function of a staff to give service to the line when the line asks for it! Is this a responsibility for a result? Other companies will say that staff should "advise," "consult with," and "aid." These are all fine, but they do not point staff conclusively toward results. In addition, the staff functions may gain ascendancy in obtaining the ear of a top executive and get special treatment for their specialties. Since they are not basically responsible for results, there is then a general tendency for the whole operation to focus on activities. This shows up forcefully in a period of declining sales, in that it is more difficult for firms to adjust to meet a stringent period. In despair, they may finally settle on percentage cuts across the board to cut their costs.

Many companies have decried the growth of the staff specialist. In my opinion, this is a natural consequence of the definition of staff jobs by activity. As long as the staff man has only a responsibility to advise, consult with, aid or give service to, he tends to highlight his own particular activity. He naturally tends to be a "professional" to magnify the importance of the procedures of his specialty above the specific needs of the firm. He does not focus primarily on results that will aid in attaining the objectives of the enterprise. He therefore does not develop a broad management concept.

A cardinal point that is often overlooked, however, is that from the point of view of results staff and line always overlap. It is staff's job to help get results that will help the line, but the line should be responsible for total results in any event. This has to be recognized if you want to develop a strong, driving cooperative team of staff and line men. For example, some companies have not fully recognized the necessity for giving staff people full credit for any accomplishment in their area. You often hear the comment, "Staff should not seek credit; they should be content to have been of service." Do you think a free enterpriser would have been content? On the other hand, the line people are frequently not given full credit for the staff accomplishment. After all, they did little to develop the result. In essence, what I'm saying is that both men must get *full* credit. Contrary to accounting principle, double credit must be given unstintingly if you wish staff and line people to work shoulder to shoulder, driving hard towards the results they are aiming at. Such a situation is too often an exception, however.

YOU NEED PUSH FOR IMPROVEMENT

It is a common complaint that there is always bitter opposition to improvement. New methods do not move. It is difficult to get even management people to strive hard for improvement. Frequently, this starts with a lack of requirement for improvement in every job. Some firms do not set objectives for each management person that require improvement in every particular period. They have not established this as a normal way of life. For example, it is not common to see a job setup that requires every foreman to show some improvement in his operation in every period. Improvement is a basic requirement of a free enterprise system in a competitive economy. The firm that does not steadily improve goes by the wayside and is replaced by someone else who makes a cheaper or more perfect product.

As a matter of fact, a company may not have made improvements as beneficial as possible to employees. How can you expect a man to be all excited about working toward improvements if his past experience indicates that improvements have been a real threat to him? Layoffs that follow methods improvements, for example, may seem perfectly sound on the surface but certainly sell the employee that the free enterprise system is not for him. This is especially true when it applies to supervisors or staff men. When improvements result in lowering pay of people on a job, it unsells them on the program. Even if the pay is retained but a man is placed on a lower job, the man's self-esteem is lowered. How many companies really try to develop the man into work of comparable skill?

Some companies have not considered fully the ramifications of improvement on salaried people. Suppose a supervisor has cooperated well in a program of improvement; and, as a result, his own job is reduced in value. You then

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You cannot lead your organization by sitting on an ivory tower and lowering instructions out of the window.

MANAGEMENT IS A 3-PART JOB
from December 1956 NATION'S BUSINESS

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tell him that his pay will not be cut, but now that he's in a lower bracket, he will not be able to get any more increases. Will this sell him on the advisability of pushing hard toward improvement in the future?

One of the most difficult things to combat is the tendency to let improvements highlight past errors. The comment, "Why didn't you think of this before?" hardly encourages a man to make suggestions in the future. Generally, it encourages him to push hard to show why improvement is not practical. Or suppose someone else had the idea and you say to a supervisor, "It's a good thing we had Joe over in the Sales Department or we wouldn't ever improve." Is he inclined to accept new ideas in the future?

Management may not have thought this problem through to the point of using salary and bonus payments so that it is profitable for each supervisor to improve his own operation. Unless a man gets an extra bonus or a salary increase based on an improvement (even though it was from someone else's idea), he isn't too sure that improvement is to his advantage. Where is the free enterprise system that rewards accomplishments?

PUT PLANNING IN EVERY JOB

Sometimes the problem takes a different turn. In some firms, it appears that most of the planning has to be done at the top. In addition, staff functions creep in and demand planning as their own personal prerogative. As a consequence, management people down the line are not required to do any planning. What does this do? This basically takes away their responsibility for the over-all result. It does not make men scratch their heads to solve the problems that face them in their jobs. Crises that loom ahead are not their problems. Unusual circumstances that may prevent accomplishment of the results that their departments or sections should be getting are not their own personal concern. Does this develop the kind of aggressive spirit that characterized the individualists who built the free enterprise system? Shouldn't a foreman be required to plan ahead for ups and downs in sales that may prevent efficient operation of his crew? Why shouldn't a sales manager be required to anticipate the moves of competition and develop plans that will assure the company of its portion of the potential? He should push hard for the product line, the advertising program, the form of distribution, and any other sales methods that will do this. If they violate present company policy, require him to push for a needed change in policy.

RESULTS IMPLY AUTHORITY

Let's consider authority. Are we giving authority in light of the results that we should expect of a man? Do you suppose for a minute that a small shop operator of 50 years ago would have felt much hesitancy about taking strong, direct action with a malingerer? How many plants that you know of give foremen or superintendents this kind of authority? If the union opposes such action, how many companies have demanded and sold this as a management requirement?

Do you suppose an aggressive operator of yesteryear would have hesitated very long about making a machine or methods change that might lead to more efficiency? I know many foremen today (not to say superintendents) who have no authority to spend even $50 or $100 without having a countersignature.

A misguided accounting system may compound this problem by highlighting errors way out of proportion. Top managers are apprised by their "complete" reports of every little error that occurs. They then discuss this with people down the line. It is obvious to the man down the line that such an error is taboo. He therefore makes every effort to hide such errors; and, of course, avoids taking any kind of chance that might even incur such an error again and come to the attention of the top brass. Does this encourage the aggressive, gambling kind of management team so necessary to a forward driving company?

Force Accountability for Results. How about accountability? What is it? Basically, it means that a man must feel that he personally gains or loses by the results he achieves. Isn't this a prime characteristic of a free enterprise system? If a man makes a mistake, he loses. If he does the right thing, he gains. Let's look at some of the practices of companies today from this point of view.

COMPENSATION AS A KEY TO ACCOUNTABILITY

How about the pay systems? A job evaluation plan may stress background, experience, education, etc. Does this lead to real accountability? Is this pay for accomplishment? Where is the incentive principle toward results that was characteristic of the free enterprise system? Or note the willingness in some companies to recognize effort or long hours as fundamental items in a pay system. In what way do these relate to over-all accomplishment? If they do, why not focus on the accomplishment? Otherwise, the tendency is to emphasize long hours of overtime or reams and reams of reports as being clear evidence of doing a good job. These are not the kinds of results that a virile free enterprise system has generally condoned.

In other companies, there is a tendency to favor length-of-service increases. Gradually, these develop into automatic year-end increases. What does this imply? It implies a tacit approval of the work of the past year. In all too many cases, this work may not have contributed any worthwhile results. Naturally, the employee feels that what he did was acceptable, even though he may not have accomplished anything that specifically helped the company. This does not develop the aggressive, hard-fighting, driving individual aiming at accomplishment. In the creative technical field, where you want directed drive of all places, this tendency has been growing by the increased use of technical pay curves which emphasize length of service in setting pay. This hardly pushes toward sound accomplishment.

Focus on cost of living also has detrimental effects. To what extent should cost of living affect any compensation? Does this tie into the free enterprise system? I question whether a cost of living approach to compensation can help but lead to a feeling that the pay-off is for things other than accomplishment; that the company owes the employee the right to a certain standard of living—basically a socialist concept.

When setting a supervisor's salary, a firm may give heavy weight to the number of people he is supervising. Is this the way to encourage a supervisor to get the most results at the lowest cost? No! This is the way you encourage him to expand his crew unnecessarily. Or suppose you set a supervisor's salary by a differential above those supervised. His natural tendency is to raise wage rates irrespective of output or to build up a highly-paid assistant. This very practice encourages soldiering on the job.

At times industrial engineers have contributed to this error. Some of them have recommended that foremen be paid a bonus equal to the average bonuses

of those under them. What does this do? Ordinarily, it encourages a foreman to loosen up on standards and not always report methods improvements for restudy. This helps him build up his bonus! And *he* is the management member on whom you must rely to maintain sharp operation in that crew. Is this the way to encourage a strong, aggressive foreman who is striving hard toward improvement and lower costs?

As a matter of fact, many bonus plans steer people in the wrong direction. I know companies that pay management bonuses based on a flat percentage of total profits. A manager may do an extraordinary job in his department, but, because of poor performance of other departments, profits drop and his bonus drops with them. Does this encourage a manager to be more and more efficient?

In some cases management bonus plans, once set up, stay on year after year without any revision. This does not recognize that there must be some improvement every year; that objectives must change if you wish to be flexible and meet competition—a characteristic of the free enterprise system. Basically, management objectives, and therefore management pay which should tie into accountability, must change every year. Carefully working this out is a prime management job and a difficult one but it goes by default in many companies.

Frequently, sales management bonuses are based on sales volume alone. And the firm wonders why sales management doesn't take a broad view, why they aren't more company-minded; why they don't drive toward getting the best possible margins—toward getting balanced sales so the plant can operate most efficiently, or toward getting new accounts and extra sales on new products, both of which are very difficult to get compared to volume on old products from old accounts. Their very bonus setup encourages them to disregard these things. Where is the reward of the free enterprise system?

TIE APPRAISALS AND PROMOTIONS TO ACCOUNTABILITY

But you may say, "Not everyone reacts well to incentive to make money." Perhaps so. In most cases, it is a symbol of accomplishments. But let's turn to appraisals for a moment. Are appraisal plans leading toward greater drive toward accomplishment? Many appraisal plans have been based primarily on traits. They often focus on such factors as judgment, initiative, cooperation, dependability, etc. Does this force accountability for results? Some appraisals stress getting along with people. Do you suppose the old aggressive driver always got along beautifully with people? In many cases, he ran over them rough-shod in order to make the accomplishments he had to get. In an almost fanatical desire to get people who are compatible, who get along well together, many firms have sacrified hard accountability for results.

THERE are other ways of providing incentive to get results. Do you suppose the company that has to go outside to fill a promotion because "no one on the inside has the experience" is developing a feeling of real reward for accomplishment? It's easy to assume that the grass outside is *always* greener. Almost every firm has had the experience of discovering that, once the outsider is on the job, he, too, has weaknesses they didn't anticipate. When this happens, you take away some of the drive and spur that your promotional system should engender in your employees. As a matter of fact, promotions by seniority tend to cultivate the same thing. They merely point out to the employee that it is seniority and length of service on the job that really pays off. In other words, it is not the results he gets, but simply the length of time on the job that pays off. Some companies have relaxed unknowingly into the comfortable rut of promoting people based on seniority even where there was no union involved, because of some of the extra explaining and discussing that might be required were they to promote on merit. Would a true free enterpriser condone this?

In a commendable desire to get better accountability many firms have put in budget plans. How do they ordinarily work? There is a tendency for the budget to become a standard. An average management employee learns very quickly to fight for a better and better budget. But note: the budget does not always emphasize accomplishment! Instead, it tends to emphasize cost and cost alone. Did anybody ever really accomplish anything by focusing entirely on cost? The basic focus has to be on accomplishment and, secondarily, on accomplishment vs cost. To the extent that you force people to be conscious almost entirely of costs, as many budget plans do, you tend to have the employee relax on the fundamental accountability for accomplishment and for the improvement in accomplishment that was basic to the driving advance of the free enterprise system.

LEARN TO ACCEPT ERRORS

It was a characteristic of the free enterprise system that men had to take chances and, in taking chances, were bound to make errors, which meant substantial deviation. But there was always a final over-all accounting that would weigh accomplishment against the total deviations or errors that were made. What do some modern record systems do? In effect, they point up every little deviation and so direct the focus to the deviations. Accountability tends to be developed by individual errors or deviations. A man then becomes unwilling to take chances for fear that a number of deviations will show up on his record. He knows that, sooner or later (gen-

Meet Your 1958-59 National Officers

VI — JAMES E. NEWSOME

2nd Vice President

MR. NEWSOME is Production Manager of the Johnson & Johnson Company of Chicago, and has been with that company since 1945.

From 1942-45 Mr. Newsome was Assistant Director of Industrial Relations for the Continental Can Company. He began his business career with the U. S. Steel Corporation in 1930 as an hourly employee, moving up through Foreman, Industrial Engineer and Training Director before he left the company in 1942 to join Continental Can.

A long time member of the S.A.M, Mr. Newsome has been Executive Vice President, President and National Director of the Chicago Chapter, and has held several National Officer positions.

Mr. Newsome attended Indiana University, completing his Industrial Engineering course there in the night school. He has lectured at the University of Texas, Loyola, De Paul University, Northwestern University, the Illinois Institute and at the University of Illinois.

erally sooner) the Controller or Accountant will proudly point these out to upper management. He knows, too, that they in turn take a rather dim view of the management man who has been making these deviations *even though his over-all accomplishments may have been satisfactory*. The typical comment made is, "Look how much more he could have accomplished if he hadn't made all these errors." You can imagine his willingness to try out any new method that may have some chance of failure and loss.

DON'T LET COMMITTEES KILL ACCOUNTABILITY

In the last several years, the group approach to decision-making has gained quite a bit of prominence. This can drift to a continuous stream of group meetings or committee meetings of almost every type and description. These are often justified by the need to "inform." In actual practice, they have often given men a beautiful way to duck accountability. They offer an ideal opportunity for a man to bring his personal problems to the boss, or to a group, to have them make his decisions for him. In that way he is free of accountability. They agreed! As long as he is free of accountability, he does not feel the need for strong, aggressive action that was characteristic of the free enterprise system when a setback occurred. He does not feel that he has to accomplish something; that if he doesn't, he is really going to "get it in the neck." There is then a tendency to pass responsibility. And here is the key point: this passing of responsibility tends to be accepted. Didn't everybody contribute to the decision?

DEVELOP "RESULTS" UNION RELATIONS

This overall problem has started to creep into union negotiations. Who is it that produces for a company? It's the employee. Negotiators often forget this when they negotiate. There is a tendency to feel that the union is contributing to the operation of the firm, when basically the employees are contributing. There is often a hesitancy to force results accountability into contracts and to tie all employee relations into the plant requirements for operation. Clauses on wage plans, seniority plans and work requirements may be looked at as a way to settle a contract instead of as a basic setup for harmonious but effective work. A company may not insist on sound principles of contract settlement. (Frequently they haven't even worked any out.) For example, a company may not accept and sell the principle of paying for work accomplished. Instead, they may talk primarily of industry trends. The old free-enterpriser certainly knew that pay for lunch periods, vacations, sick leave, coffee breaks, wash-up time, etc., had to be made up somehow. If management doesn't sell this principle, how can it expect their employees to feel it?

As a matter of fact, do managements attempt to make union leaders accountable? Union leaders should be made accountable to their people for the detrimental effects of seniority plans, of poor wage plans, of stoppages, strikes, etc. They too can be brought into the free enterprise concept, and when they are, can exercise a powerful influence on the employees in their groups.

On the other hand, a management may acquiesce to benefit plans that focus primarily on length of service. Is this pounding home a reward for excellence of work? Or go a step further. Suppose you have a pension plan with 20-year vesting privileges. Does this pound home payment for a good job well done? Instead, it tends to emphasize to the employee that the reward comes from simply sticking to his job. Doesn't this, in turn, encourage him to push his union for stronger and stronger seniority clauses that will prevent his ever being replaced on the job? Many times these plans simply anchor incompetents to the company.

Let's examine the effect of these plans more closely. Do you suppose an average plant employee of 12 years' seniority, with a family of four and a mortgage of $10,000 on his house, really feels free to move nowadays? It is true you are cutting down turnover, but is this encouraging the free enterprise system? Is that man *really* free? As likely as not these plans anchor dissatisfied people to the company. They tend to develop resentment that all free men feel when pushed to continue in something they know they should quit. They are then unlikely to develop a drive toward better and better productivity and self improvement. And this effect is multiplied with management people. When they focus on length of service, who is going to stimulate the drive for accomplishment?

Look at other benefit plans for a moment. Does management, generally, strive to present these as values paid for accomplishment? Benefits soon lose their stimulus once they're in, especially when the full cost is borne by the company. Where does management get a return? Does management demand something for what they give? Isn't this in itself developing a socialistic-minded employee—a person who feels it's an obligation of the company (and his country) to take care of his every need? This doesn't seem designed to develop the strong, aggressive individual that the original free enterprise system seemed to foster.

Yes, we've come a long way from the old free enterprise system. It's easy to become nostalgic about the good old days without a recognition that our very practices and policies are slowly but surely driving us away from it. You may resent the fact that employees take a different attitude nowadays; that their approach is different, and that somehow or other we are not developing the aggressive, driving management team that seemed to result in yester-year.

We must get back to a new design of operation. To start out with, every job must be clearly defined and with a requirement to accomplish certain specific results in a period. This must lead very directly to management-by-objective. We must think through carefully as to what kind of decisions a man really ought to be able to make and he should be given the right to make those decisions—given the freedom to act. Everybody must be firmly accountable through pay systems, appraisal plans, and any other promotion or benefit plan that we have available to focus in the direction that we wish him to go. The very operation of all of our personnel or employee relations programs must encourage the aggressive drive toward results that we wish to achieve. Each job down the line should be built to be a small replica of jobs above in a requirement for accomplishment and a freedom to act.

It is only by building up this climate that we can get back to a true free enterprise system in business. In my opinion, it is a real challenge to management and offers the greatest potential chance today for cutting costs, for improving operations, and for developing drive, and healthy aggressiveness in every job in the organization. At the same time it is true "liberalism" in practice because it provides the maximum opportunity for every individual to expand and develop to the fullest his innate ability, ingenuity, and judgment. ■

The Changing Philosophy Of Management

by Erwin H. Schell

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A talk given before the S.A.M Annual Fall Conference, held October 30-31, in New York City.

A HUMAN mission unsupported by a philosophy is a ship without a sextant. An industrial establishment which builds its philosophy primarily upon ways and means of meeting current competition is building upon shifting sands. A manager who believes his accomplishments will turn chiefly upon his adherence to any given technique is likewise courting disappointment.

Management is aware of the need for broad concepts that a well-formulated philosophy might satisfy. Indeed, it is not difficult to assemble a goodly number of such fundamental approaches which are not competing with each other for more general acceptance. One of my colleagues in another university has likened the hierarchy of industry to a mountain having at its base several groups of mountain climbers, each with its quota of experts, its assembly of facilities and its unique body of operating principles. In one camp we find the scientific managers; in another the trustee managers; in a third the decision-making managers; and in a fourth the so-called "happy-happy" managers who have formulated new and resultful emotional patterns.

This bit of pleasantry has its purpose; for it does reveal the multi-form search now going on for a base upon which corporate managers may stand firmly as they assess future difficulties, opportunities and challenges.

THE PHILOSOPHIC APPROACH

A truly philosophic approach to any procedure requires no proof; for its validity is self-evident. Likewise, a philosophic approach to management may well rest upon concepts whose clearness and simplicity infer an obvious soundness.

Again, a practical philosophy should accord with current realities in order to be of direct use, although the true value of this philosophy is drawn from a much wider coverage than that of immediate situations.

A philosophy, to be effective, should not be exclusively concerned with the "eternal verities." While the root and core of any philosophy should properly be founded in human ethics and morals, yet it should also give heed to those underlying principles which are part of our everyday existence.

Most important, a philosophy, to be of continuing usefulness, must contain living qualities of inner growth and adjustment to change which enable it to exist in harmony with evolutionary and even revolutionary developments.

CORPORATE MANAGEMENT AND HUMAN PATTERN

Management is all-pervasive. We find it in the ant colony in the care and direction of aphids. We find it in the hive in the protection and control of the queen bee. We find it in the sheep-dog as he guides and superintends the herd. There is hardly a moment in our lives, apart from sleep, when we are not managing ourselves in some degree. Indeed, it has long been realized that our fitness to manage others springs primarily from our ability to manage ourselves.

In this paper I shall confine my remarks to the field of corporate management. My purpose will be essentially exploratory. I shall proceed chiefly along the new frontiers of management which result from the impact of accelerative change upon our current managerial principles and philosophies.

Here, may I warn my listeners: Frontiers are often rugged, vague and lacking in nicely adjusted concepts and theories. Mirages often confuse, and low visibility often discourages the explorer. I have no neatly turned hypotheses to present; only the rough outline of a horizon seen but dimly.

The managers of our corporate enterprises are a distinctly patterned group of people. They are *expert generalists.* I have been fortunate each year in the opportunity to talk with perhaps five hundred such executives in various parts of the country, most of them selected either for their currently outstanding or

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potentially promising abilities. They are in the prime of life. They are of more than average energy and nervous fiber. They are characteristically men of family who enjoy family life. They have always worked hard at their jobs, and have found satisfaction in doing so. They are accustomed to accept responsibility and to shoulder it competently. They are well above the average in intelligence and have usually won individual recognition in their respective jobs. They are eager to learn what constitutes ever-better management, and are willing to study, discuss, read and travel in order to find out.

The similarity of these characteristics does not happen by accident. These executives whom I have been privileged to meet have been screened with care. They have satisfied, in competition with others, the judgment of their superior officers as to their past value, present usefulness and future promise to their company. They are not paragons; but they are presumably as close to being so as their selectors can get.

It is men of this caliber and character who come to mind as I seek a focus for my remarks.

CORPORATE MANAGEMENT AND ACCELERATIVE CHANGE

The climate of corporate management has been changing at a prodigious rate. Frontiers of industrial knowledge have been pushed back at an extraordinary pace; and the end is not yet. Indeed, it seems clear that the velocity of advance will continue to increase for an indefinite future period. More than this, change will continue to demand of corporate officials an ever-greater proportion of managerial effort, energy and time. The industrial manager, like the surf-board enthusiast, must literally *ride* the waves of change in an effort to capitalize upon them rather than to become submerged by them. And there are many such opportunities and necessities now facing them in every walk of industry.

I propose to explore some of the new emphases upon managerial talents and skills which are becoming particularly pertinent as a result of our accelerating environment; for it is here that a new philosophy is essential if corporate management is to remain in control of the rapid evolution in present-day industry.

I refer to such currently significant managerial attributes as foresight, perceptiveness, adaptability, alacrity, creativeness, constructiveness, persuasiveness—each of which can readily be shown to be of increasing importance as industrial velocities increase. I shall also have something to say about the philosophic changes resulting from such elements as industrial growth and complexity, mechanization, morale, and corporate objectives.

ATTRIBUTES OF TODAY'S CORPORATE MANAGER

Foresight—The more rapid the accelerative change, the farther must be the fore-look because the future more rapidly becomes the present. Therefore, proportionally more time at top levels must be assigned to forward thinking.

A decade ago the concept of long-term planning was not widely practiced except in such industries as the public utilities, where such plans were necessitous to maintain service in rapidly expanding markets. Such responsibilities were usually undertaken as an isolated part-time staff activity and rarely related in any operational way to the company's current or short-term plans.

Today and tomorrow, competence in this area will exert a profound effect upon the future welfare of the business. We have learned much from the military concerning strategic planning; how to design a spectrum of possibilities and the application of the optimum in the determination of current and future policies. We are confronted with a continuous and ever-evolving situation, with its characteristic difficulties and opportunities and its own constant readjustment to increasing change. Here we may apply an ancient precept to a modern need. It was Confucius who said: "*We should make plans so that we have plans to discard.*"

Industrial forecast is no longer a fusillade of pot-shots at a static target. It is a constant sensitiveness to a wide and far-reaching sector of ever-changing realities — a radar beam that steadily sweeps the changing industrial skies for knowledge of that which is to come. Man cannot yet see the future as clearly as he can the past.

The new philosophical viewpoint here is that of the practical prophet who literally lives in a span of time reaching from the present well into the distant days ahead—who finds in the world-to-be a land of future unreality in the process of becoming a current reality. In the new corporate management there is a place for a wider time-span of comprehension than has ever before been called for. The mantle of corporate management which has long encompassed past and present realities is spreading itself farther into the future.

PERCEPTIVENESS

The faster the pace, the more observant must be the manager. There was a time not too far distant when top management looked upon information from reports and statistics as superficial and even completely unnecessary. An industrialist of considerable ability was once asked to what extent he made use of statistics as a source of industrial information. He replied: "*There are only two sets of figures that I need to run my business. One is my checkbook balance and the other is the date.*"

Today the power of facts is little questioned, although we may still have far to go in our ability to apply the certainties which are already available for our use. Here the pressure of necessity is strong. Today's important decisions must be made more frequently and more rapidly than at any period in our industrial history. The need of a constant stream of dependable current information regarding economic, industrial, trade, and competitive conditions and trends almost goes without saying.

The philosophic implications in this area are profound. We are beginning to see a silent but sweeping change in the fundamental form of the data now increasingly called for by modern corporate managers. Periodic assemblage of factors followed by their periodic dissemination is being replaced by flow-patterns, whereby continuous data-flow is made available to the decision-makers.

This form of current information-flow calls for new human abilities. The kind of awareness that can accept, absorb and apply information of such immediacy stems from a *dynamic perceptiveness* that catches facts on the wing, as it were, and sees them immediately in relation to existing trends and changes in industrial tempo. Time has become a flow-element in manufacturing, even as materials, parts in process and finished products.

There is a fast-growing need for this *dynamic perceptiveness*—that is to say, the awareness which is alert to facts in motion. Industry is a constant and simultaneous interweaving of changing tendencies and trends; and the manager who has the capacity to grasp and retain this ever-changing complexity of pattern has a clear resource of unusual value today and tomorrow.

Chief Justice Holmes once said: "*Life is action; that is all there is to life.*"

To interpret action in an accelerating milieu is perhaps one of management's greatest responsibilities.

ADAPTABILITY

Corporate management is facing one of its most concerning problems as it surveys the present demands for extraordinary adaptability. The president of a more-than-billion-dollar company was recently quoted as saying that at the close of the next decade 90 per cent of his company's output would be in products of which there is no inkling today.

No less concerning will be the inevitable and radical changes in such areas as equipment, materials fabricating and assembly methods, distribution procedures and personnel practices. Conversely, the corporate management that stands ready and willing to adjust to, if not to lead in, innovation finds itself in tune with the times.

The great change that we meet here is a basic shift in philosophic approach. Only a generation ago we viewed adaptability to change as a distinctly dangerous, if not disloyal, executive attribute. We were warned to beware of the new-fangled gadget; to look with suspicion upon the promoter who advanced it; and to continue our worship of the past in a world where age brought prestige. Today we recognize adaptability as a powerful resource in the new competition, where time is of the essence and where security is found not in conservatism but in engineered risk—in scientific methods of chance-taking, illuminated by the floodlights of research and development.

But how may we find security by plunging at ever-greater velocity into an ever-changing future?

My colleague, Dr. Phillips, has an answer. He says: "*When we attempt to make detailed changes even in the rate of progress, we are faced with serious difficulty. We do not know what constitutes progress. . . . The difficulty is, however, only apparent. We should not attempt to control the direction of advance, but should only try to establish conditions under which advance will occur.*"

ALACRITY

The slower pace of industry in past years has in large part disappeared. Obeisance is now being paid to alacrity, quick-footedness and rapid tempo as a basic part of corporate policy. Many reasons may be offered for this acceleration of plant tempo, not the least of which is the continuing growth in mechanization, with its output geared to the control mechanisms of the fabricating machinery. Industry has always operated at a higher tempo than agriculture or government services. An interesting explanation has been advanced here to the effect that the lowered productivity in our sister-fields of management results from self-established rather than professionally-established standards of output.

What of today's products? In many areas of manufacturing, competitive prices are near a parity, with competitive quality also closely approximate. This leaves major competitive activities to revolve largely around the nature of services rendered. Quickness here offers practical advantage. Alacrity is a function of time, and time is increasingly a function of competitive advantage. Hence, the ticking of the clock tends to be of ever-greater importance as industry pursues its ever-faster quickstep.

Here philosophic currents run deep. Just what is the proper place of alacrity in industry? In the past we have been told that "haste makes waste." And today industrial engineers urge that we "work smarter, not harder." Yet we hear references to the "rat-race" as a descriptive term for life in modern industry.

It is the transfer of skill from men to machines which has accounted largely for growth in the rate of productivity. Perhaps alacrity is as much a reflection of skillful machine readjustments as it is the result of heightened activities on the part of the operating personnel.

In past ages, man found defense and survival closely related to alacrity. It was "the quick *or* the dead." Today, the pressure for speed comes from the overflowing cornucopias of research and development, with their promise of a better future thereby. Now alacrity is bestirred as much by hope of reward as by fear of penalty—by the presence of opportunity as well as by the probability of difficulty. The philosophy basing alacrity may be positive as well as negative, constructive as well as defensive.

Only dimly may we discern the philosophical base of progress here. The word alacrity carries the implication of pressure, of enforced tempo, of impelled speed—all exerted from the outside. Now we are beginning to realize that alacrity may be self-imposed if management is willing to recognize the working rules necessary to follow. Indeed, skill in rapidity of output is now regarded as an important source of employee pride and satisfaction. The philosophy which has usefulness here is that which sees in alacrity a promise of human release rather than a threat to human initiative.

CREATIVENESS

Creativeness has always had its place in corporate management. Indeed, the imagination of the entrepreneur has been for many years responsible for the products which supplied the early markets of the United States. Our patent system was originally developed to safeguard and enhance the opportunities for commercial development of his ideas; for his value as an inventor no less than as an organizer and operator was early recognized.

But the philosophy of innovation in industry in earlier days is as different from the principles of modern research and development as night is from day. Today our industrial establishments are combing their personnel as never before in search of employees with more than average creativeness and ingenuity; for it is well known that those qualities appear independently of position in the industrial hierarchy. Innate ingenuity is no respecter of rank.

Group approach to innovative opportunities is being actively examined. Motivants appealing to the research-minded employee are being sought. Suitable rewards for creative accomplishment are being experimented with. For it has become clear that the old-time concepts of secretive isolation of inventive thought and a reliance upon the sporadic genius can profitably be supplanted by a more democratic procedure; the entire organization may be stimulated to contribute from its close knowledge of the work. From the workers come suggestions which might escape the attention of the top echelon or might not be seriously examined for possible application.

The philosophic principle here at work has had altogether too little recognition in past years. I refer to man's extraordinary range of proficiencies and potentialities. Today as we search our organization for men of ingenuity, we continue to be amazed at the precious resource that we have overlooked, and indeed wasted, in the past. Every employee has creative talent in some degree; if these talents can be combined in group effort, surprising results may follow.

Creativeness is but one of many attributes which afford managers the op-

portunity to perform for their employees that greatest of all services—the chance to grow to the limit of his potentialities.

CONSTRUCTIVENESS

Another requirement of today's corporate manager has grown out of the special concern over economies in the face of ever-rising costs. Constructiveness incorporates a consistent desire to do the same thing better; in short, to improve. Accelerative change makes improvement necessitous. As someone has aptly said: "*We must run faster in order to stand still.*"

While change without improvement may be an appropriate policy in the style industries, it is self-evident that *in no industry can we have improvement without change.*

Constructiveness has come to be the basal support of the entire concept of accelerative change; for without improvement such flux marks a decline rather than an advance.

The current philosophy in relation to improvement can be summed up in the statement: "*The public franchise now extended to free enterprise is maintained only by constant improvement in product quality and in product cost.*"

Perhaps the philosophic basis here is contained in the principle that "*Accelerative change is not enough to insure progress. Its direction must also be ever-upward.*"

I am convinced that man himself does look upward; that improvement is welcomed by all people everywhere; that human relationships are always bettered when they incorporate a measure of progress, be it ever so small. And never in our industrial history has improvement been so essential a quality as it is today.

PERSUASIVENESS

Persuasiveness has been a little-used word in our productive parlance in past years. This has not been true in fields of corporate marketing or finance, where persuasiveness has long been a necessary adjunct to the successful conduct of the enterprise. The essential difference in corporate relationships has been illustrated by the frequently-heard statement that "*When a machine operator fails to perform* 100 *per cent of his stint, he* falls down; *whereas the salesman who sells* 100 *per cent of the prospects assigned to him would fall dead.*"

It was George Eastman who maintained that it was incumbent upon corporate management to control as many industrial factors or elements leading to the success of the enterprise as possible. This "ring of control," as it has sometimes been called, has developed a number of fractures, not to say clean breaks, in its circumference.

Today top management maintains that it is subject to an increasing number of external impacts requiring negotiation of a high order before any action may be contemplated within the company. The maze of rules and regulations placed before the top executive by federal, state and local governments—to say nothing of trade agreements, union consent and public approval—is clear evidence of the waning authority currently experienced by industrialists, and of the growing significance of the powers of persuasiveness in corporate management.

We find deep philosophic principle here. As we recall the doggerel "*A man convinced against his will is of the same opinion still*", we are reminded of Edward D. Jones, who defined the chief duty of the operational executive as the "organization of the will of his subordinates."

The newer philosophic approach is that of the persuader who stands beside both parties at issue with the desire to find *with them* the solution of the mutual problem that confronts them. Accelerative change plays a constructive role here. Ability to ride the waves of innovation requires a close and constructive relationship between the various levels of executives and personnel in the hierarchy if management is not to be submerged by technical progress.

It was John Stuart Mill who said: "*Civilization is based upon skill in the art of cooperation.*"

THE CHANGING ENVIRONMENT OF CORPORATE MANAGEMENT

Industrial Growth—Industrial growth is taking place in every free nation in the world. Within our borders growth is in part due to increased population; but an even greater cause for expansion is the limitless market for goods and services which has been developed. Here again we are witnessing an algebraic progression upward in which acceleration is a normal expectancy.

The problem of dealing competently with current and future industrial growth raises more philosophic questions than we have answers for. Moreover, we have our own age-old prejudices and emotional mores to deal with. For example, the widespread concern on the part of the public over industrial bigness is no doubt due to our millions of years of survival on this earth and to the lesson our ancestors learned that the larger the animals about us, the greater the probable hazard to human life and limb.

The great philosophic principle which greets us is the pervasive quality of all growth phenomena. It appears to be inherent wherever there is life of whatever sort. We as corporate managers may expect to find people basically warm to the idea of personal growth and of corporate growth when properly initiated. This is in marked distinction to the earlier belief that people must be driven, bribed or frightened into doing what they should in the way of quality or output performance.

A second philosophical principle is germane here. It has to do with life cycles and their use in long-range planning. We humans run our allotted courses, but our industries may well continue indefinitely after entire generations have passed away.

Perhaps the most basic concept that will serve us as we search for a philosophy of corporate management is that "*Man is a creature destined by Providence to grow.*"

Unless his work and its environment are such that growth takes place in some form, man will harbor dissatisfactions which, though subconscious, are real.

INDUSTRIAL COMPLEXITY

The beginning of all wisdom in matters of complexity is that it is a normal characteristic of maturity and that industrial complexity is but a reflection of approaching maturity in the state-of-the-art of corporate activity.

We once hoped to discover underlying simplicities in the realities about us. We looked for emerging concepts which would yield simple, all-inclusive answers to our questioning. But it was not to be.

It was an English scientist who pointed out that, as we apply our scientific techniques to open the doors to new realities, the scene which greets us is not one of simplicity but of ever-increasing complexity, as we penetrate further in our search for the truth. Indeed, as the velocity of change increases, complexities may lessen rather than increase our powers of flexibility and alacrity in the presence of industrial flux.

An industrialist remarked to me: "*Large-scale management is in a battle to the death with complexity. The contestants are joined, and the outcome is still uncertain.*"

Today corporate management is almost frantically seeking ways and means of dealing with this increasing problem. Decentralization has been one response to complexity, in order that the size of the branch enterprise may be held to managerial limitations of personal acquaintance and understanding of individuals. Mathematics in relation to such activities as operations analysis is another avenue of approach. A third solution is the devolution of authority downward, bringing decisions as close as possible to the operating level.

To what philosophic resource may we turn? I believe there is basic strength in the realization that we human beings are also unbelievably complex creatures and that the conjoining of these differing complexities in our relationships with people and with the world about us may permit of solutions which no over-simplified version of the truth might yield.

Our philosophy underlying complexity should be one of faith in ourselves and in our ability to employ an age-old intuitional and spiritual resource no less than in our objective and factual techniques to show us the way.

IMPLEMENTATION

Corporate managers are finding great advantage in the use of new devices designed to be of special service to industry in these hastening days.

Machines which bring automation to the work-place are rendering obsolete many facilities once viewed as the last word in technical advance, but no longer effective in today's competitive race.

Symbols, usually mathematical in nature, are now providing the tools to deal with abstruse matters of industrial policy and research in hitherto impregnable fields of knowledge.

Instrumentation is increasingly available to corporate managers, permitting of such immediacy of control data that decisions may be based upon conditions existing in "real time" (now) rather than upon data representing historical activities and circumstances (yesterday or last week).

Are there philosophic concepts to help us here? I think of one. It is that human tools of whatever sort are as old as man. Whenever we have found skeletons we have almost always found tools. Many eons ago man discovered that to make tools was quite different from using them. Likewise, today many of industry's newest implements contain inner complications that the user may never completely unravel. And this is as it should be. Of the tens of thousands of pianists in the United States, I feel sure that less than one per cent know how to tune their own instruments. They have become facile only in playing them.

There is deep philosophical inference here. As human intellect continues to produce facilities helpful to man, the managers should see to it that tools continue to be man's servant rather than that man should become their slave. While technological advance may well influence social and industrial mores, it is because of man's acceptance of technical progress that he is enabled to carve out his future destiny. And he should do the carving.

MORALE

The faster the rate of change, the faster the rate of obsolescence of those who refuse to heed in this advancing world. In such an environment morale may suffer. A sense of instability may mount. Concern over the uncertainties of an unpredictable future may increase.

There are ways of earning and building industrial morale, though the price of their use may be beyond ability to pay. I recently visited an American branch plant in Australia, where major changes appeared to be under way in every department and yet the employees were going about their work with spirit and good nature. The manager explained: *"I like to have a major improvement project under way in each department at all times. I think it stimulates the employees to look critically and yet constructively at their own activities."*

"But how do you explain your high morale?" I asked. And he replied:

"Well, I think our employment policies have something to do with it. Next week, after much discussion and study, we are laying off our first employee in seven years."

Recently I visited a concern which leads its industry in the number of new trade products it releases to its market each year. I was told that in its long history it had never laid off an employee due to lack of work.

The ancient rule still applies: *"By his works shall ye know him."*

For me, the philosophic principle concerned with morale which has been the most helpful is that which maintains: *"Morale springs from within. It is not an outer phenomenon, although it may affect external behavior. Whether high or low, morale is a part of our inner spirit, built out of our inner convictions."*

Morale must be earned. It is a kind of reserve to be accumulated before the need arises. It cannot be built when it is needed.

OBJECTIVES

There have been many attempts to formulate a satisfactory definition or statement of the purpose of corporate industry, ranging from the making of a profit to the providing of a service or the advancing of standards of living.

In our hastening industrial world, change is placing new emphases upon goals which reflect more nearly the needs and necessities of the times. I believe it fair to assume that the companies employing the young men whom I am addressing have a reasonable understanding of the methods by which profits may be made. But profits may be wisely viewed as no less and no more important to the operation of the business than is any other resource such as materials, facilities, personnel or executives. Each contributes its proper share to the successful conduct of the enterprise.

This is not sufficient. It is one thing to *attain* success in the administration of a business; it is another thing to *maintain* that success. With business ownership widely diffused, the stockholder becomes concerned that his returns be not only satisfactory but dependable. He wants not only dividends, but also the assurance that they will be continued in the future.

This attitude is not confined to stockholders. Employees feel the same about continuous employment; vendors about continuous company purchases; local merchants and tax collectors about continuous company paychecks.

This desire for dependable continuity is logically and properly reflected in the new design of industrial objectives—a design in which *continuity* of good management is assured. The present generation of industrial workers has grown to expect continuance. Indeed, these workers have promised to pay billions of dollars in future years to those who loaned them such funds in order that they might purchase consumer durables on "time."

We are more than ever aware that industrial organizations, companies, establishments, may properly continue to function and be of economic service long after the founder and his associates

are dead and gone. Arrangement in the present for succession in the future is now viewed as a first-line responsibility of top management. Such assured continuity of good management builds continuity of profits; but this is no longer the total objective of management. It takes more than profits today to insure continuity.

The philosophic inferences are clear. Man is at base an unsatisfied creature. He continues to hope for a better day, and he will give his loyalty and even his devotion to an undertaking that promises a better world for himself and his family. In other words, he is working for a life no less than a livelihood.

The complete round of service to man is not to be found in his work-a-day existence. The church, the community, the outside associations which he enjoys, all make their contributions also to his rounded experience. Yet each of these is properly dedicated to aid in his self-development to the end that *his lifetime accomplishments most nearly equal his potentialities.* This is the golden ratio which measures man's purpose on earth.

In today's world, with its promise of continuing accelerative growth, the objective of corporate management, if free enterprise is to survive, will be to provide that assurance of continuity which builds men no less than products; families no less than work-groups; communities no less than factories. The objectives of industry and of the individual are surprisingly alike. Both hope for continuum.

FACTORS INFLUENCING THE CHANGING PHILOSOPHY OF CORPORATE MANAGEMENT

Where in modern corporate management lies the basis for changes in precept and philosophy? I believe we shall find it in part in:

Management's constant desire to widen its world by exploring the future.

Management's search for new devices which provide for flow-patterns rather than periodicity in managerial operation.

Management's awareness of the new fitness of risk as a part of progress.

Management's acceptance of alacrity as an important newcomer in today's list of corporate virtues.

Management's discovery of untapped resources found in men at machines, and especially the new resources of ingenuity and creativeness now so essential to competitive advantage.

Management's recognition of improvement as an innate desire of man.

Management's growing appreciation of the values of persuasiveness as applied to production no less than marketing or financial relationships.

Management's discovery that growth is the hope of every individual.

Management's realization that growing industrial complexity is a product of maturity and that there is a place for faith that all human problems can be solved.

Management's realization that since the beginning of man his progress has in large measure rested upon the use of ever-better tools.

Management's recognition of morale as a kind of reserve that may only be earned, never bought.

Management's conviction that corporate continuity of employment which permits employees to reach the limit of their potentialities is a worthy objective.

These managerial trends and tendencies can be converted into personal action rather easily. When we think of ourselves as potential corporate managers, these activities and attitudes apply directly to each of us. We have only to ask, "Where do I begin?" to become aware of the opportunities for personal self-development that lie before us.

CONCLUSION

As our exploration along the frontier of corporate management draws to a close, we sense three great philosophic areas whose forms and boundaries we may only glimpse. Instinctively we have realized their importance but only now does their design begin to emerge.

First, we now are confident that the future may be persuaded to *reveal* itself in much greater degree than we in industry had expected. While man may always find it easier to know the *past,* yet the disparity shows signs of lessening.

Again, we are finding that, under the power of the objective approach our *material world* may yield us far more of its secrets than we had ever thought possible.

And it is becoming clear that *men* of industry, whether of lowly or exalted rank, possess talents and potentialities little realized or capitalized upon.

These frontiers of the future, of the material world, and of man himself fascinate us as never before and make us humble before the immensity of our ignorance. We see but darkly, as new realities in the making emerge from the mists.

Slowly and yet inexorably the searchlights of corporate management sweep across the industrial arena, throwing into relief our earlier interests in form or *product;* then highlighting our preoccupation with motion and *process;* and now playing strongly upon the new frontiers of *time* itself—where the ticking of the clock rules our industrial destiny.

May we stand watch over the mighty wave of change as it sweeps along, finding hope and faith in the certainty that time and trend are on our side. ■

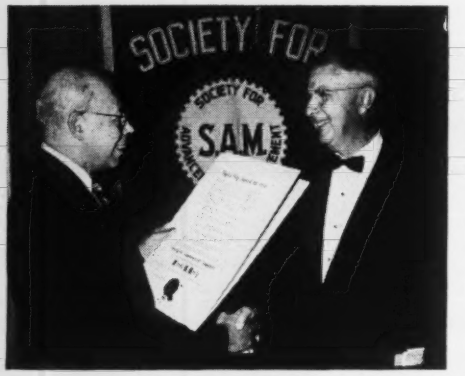
Research Professor Appointed S.A.M Vice President of Research and Development

DR. JACK R. GIBB, research professor with the Fels Group Dynamics Center at the University of Delaware, has been appointed Vice President of Research and Development for the Society for Advancement of Management.

Dr. Gibb joined the University of Delaware faculty in 1956 after having served as professor of psychology and director of the Group Process Laboratory at the University of Colorado. He has also served as Director of an Office of Naval Research Project and has been a member of the Policy and Planning Committees of the National Training Laboratories, the Southwestern Human Relations Training Laboratories and the Rocky Mountain Training Laboratory.

A graduate of Brigham Young University, Dr. Gibb received his doctorate at Stanford, where he held a Newell Fellowship. In addition to eighteen years of teaching experience, he has been Consultant on Leadership Training and Group Behavior for the National Student Association, the U. S. Air Force, the American Hospital Association, and Consultant on Management for the Dow Chemical Company, the Worthington Corporation, and the Champion Paper and Fibre Company.

Dr. Gibb is a member of many professional organizations including the American Psychology Association and the American Association for the Advancement of Science. ■



Left to Right: Mr. **Harold F. Smiddy** presenting the S.A.M Human Relations Medal to Mr. **Lemuel R. Boulware.**

The Human Relations Medal for 1958

Because of your outstanding contributions to the development of understanding that the sound principles of management which had heretofore proved their effectiveness in other functional areas of business are equally applicable in the relations area;

Because you have won widespread acceptance of the essentiality of human relations philosophy and action as a part of the professional equipment of every manager;

Because you have not only developed and initiated a pioneering philosophy of human relations, but have also led your Company into launching and advancing a practical action program to implement that philosophy;

Because you have once again focussed attention on the indestructible concept that the approach to human relations that is best morally is also best for the enlightened selfishness of each individual; that no one group that contributes and has claims on a business can long enjoy an advantage at the expense of any other group, without injuring the interests of all groups, including the one initially favored;

Because you have thereby demonstrated that the business manager must, to survive, perforce be a leader in business morality;

The Society for the Advancement of Management

takes great pride and pleasure in presenting to you

LEMUEL R. BOULWARE

Pioneer in Human Relations
The Society's Human Relations Award for 1958.

S.A.M 1958 Awards Presented at Annual Fall Conference

A HIGHLIGHT of the S.A.M Progress In Management for Profit And Growth Conference, held in New York City on October 30-31, was presentation of the annual S.A.M Awards.

The S.A.M Human Relations Medal was presented to Mr. *Lemuel R. Boulware,* Vice President and Consultant in Public and Employee Relations for General Electric Company. The S.A.M Taylor Key Award for 1958 went to Mr. *Frank H. Neely,* Chairman of the Board of Rich's, Inc., of Atlanta, Georgia. A Life Membership Certificate was presented to S.A.M's Past Chairman of the Board, Mr. *John B. Joynt,* Vice President of Management Planning for New York Central Railroad. A Hospital Service Award was presented to the S.A.M *NORTHERN NEW JERSEY* Chapter for its service to hospitals in that area.

Left to Right: Mr. **Neely,** S.A.M National President **Phil Carroll,** and Mr. **Boulware,** after the ceremony.

Left to Right: S.A.M 2nd Vice President **James E. Newsome** presented the Hospital Service Award to **Joseph Hochman,** who accepted the award for the Northern New Jersey Chapter.

Left to Right: Mr. **Lawrence W. Appley,** President of American Management Association, presenting the Taylor Key Award to Mr. **Frank H. Neely.**

Taylor Key Award for 1958

Frederick W. Tayor would be proud to see the progress that his basic scientific management principles have stimulated in all fields of endeavor. One person is significantly known in manufacturing, retailing, government and education for his leadership in practicing and teaching the original philosophy as presented by Mr. Taylor.

Since his early association with Mr. Henry L. Gantt and the Gilbreths, this man has relentlessly taught scientific management to all those within his sphere of influence. His selection for this award is obvious. His achievements include:

- Outstanding leadership in pioneering the application of scientific management principles to all phases of the retailing industry.
- Conspicuous contribution in the application of all scientific management principles in varied manufacturing fields.
- Creative and imaginative approach to higher levels of research for more progressive business, government, banking and education.
- Untiring efforts in increasing operating efficiency and enhancing organized expansion on local, state and national levels.
- Stimulating leadership in the improvement of organization and administration in elementary schools, high schools and college level systems.

For his distinguished achievements in the use of management formulated by Frederick Winslow Taylor, the Society for Advancement of Management proudly presents the Taylor Key for 1958 to:

FRANK H. NEELY

Chairman of the Board, Rich's Inc.
Atlanta, Georgia

Left to Right: The Society's President Phil Carroll presented a S.A.M Life Membership and commemoration gift to S.A.M Past Chairman of the Board **John B. Joynt.**

Emerson Trophy Chapter Performance Award Winners

A HIGHLIGHT of the Awards Banquet on October 30th, during the S.A.M Annual Fall 2-day Conference in New York, was presentation of the Chapter Performance Awards for 1957-58 to the winning Senior Chapters.

The Emerson Trophy Award for First Place went to PROVIDENCE Chapter. Second Place winner, HUDSON VALLEY Chapter, received the Ordway Tead Bell and Gavel.

The eight other Chapter Performance Awards winners of third to tenth place were: KNOXVILLE, GREENVILLE, GREENSBORO, READING, NORTHEASTERN PENNSYLVANIA, BINGHAMTON, MILWAUKEE and CLEARING.

The President's Award was won by BRIDGEPORT Chapter.

Chairman of the Awards Committee, *George W. Talley*, came from Milwaukee to present the awards to representatives of the winning chapters.

1st PLACE—PROVIDENCE. Awards Chairman **George W. Talley** presented the Emerson Trophy to **Otto Seiss,** (right) for his chapter.

3rd PLACE—KNOXVILLE. **Hezz Stringfield Jr.,** (right) accepted the banner for Knoxville.

4th PLACE — GREENVILLE. **K. J. Scarlett,** (right) receives congratulations from Mr. Talley for Greenville Chapter.

5th PLACE—GREENSBORO. In the absence of a Greensboro Chapter members, **Hezz Stringfield Jr.** accepted the banner for this chapter.

6th PLACE—READING. **Sydney L. Symons** received the award for his chapter.

9th PLACE — MILWAUKEE. Mr. **Talley,** (right) stood in the receiving line for his chapter, and S.A.M 2nd Vice President **James E. Newsome** presented the banner.

10th PLACE — CLEARING. Mr. **Newsome** accepted the banner for this chapter.

PRESIDENT'S AWARD — PROVIDENCE. **Leonard Iacurci** was in attendance to accept the President's Award for his chapter.

7th PLACE — NORTHEASTERN PENNSYLVANIA. **F. L. Hertig,** (right) being congratulated for his chapter's work by Mr. Talley.

8th PLACE—BINGHAMTON—**L. R. Ciringione,** (right) receiving the banner award for his chapter.

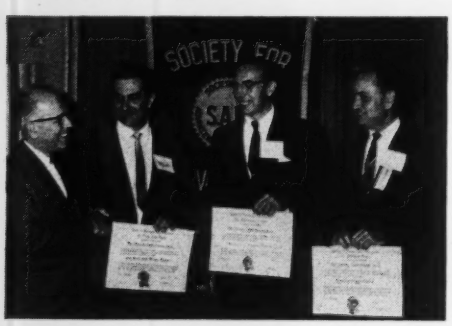
University Division Pays Tribute To Senior Chapters

The University Chapter Promotion and Coordination Awards were presented by Professor **Harold Fischer** to 14 chapters at the S.A.M Awards Banquet, a special feature of the Fall Management Conference held in New York City October 30-31, 1958. These awards are given in recognition of these senior chapters' contribution to the advancement of management education through the organization and support of a University Chapter.

Left to Right: **Professor Fischer**, presenting awards to **Donald Spanier** for the PUERTO RICO Chapter, and to **Robert F. Roundy** for PHILADELPHIA Chapter.

Left to Right: **Professor Fischer** presenting 2 citations to **Colin Perry** for the MONTREAL Chapter, and the citation for CINCINNATI to **Hubert Cuni. George W. Talley** accepted the citation for MILWAUKEE Chapter.

Left to Right: **Donald N. Braum** received WASHINGTON Chapter's citation, **William Barker**, S.A.M MIDWEST REGIONAL Vice President accepted 2 citations for KANSAS CITY, with **Professor Fischer** making the presentations.



Expansion of S.A.M University Chapter Division--Measurement And Recognition Of Chapter Performance

by PROFESSOR HAROLD FISCHER
Vice President of University Division

LAST YEAR a new record was established in the S.A.M University Chapter Division with 27 new chapters and over 10,000 student members in 137 chapters.

The University Division endeavors to strengthen management education and further the growth of all students, regardless of their academic major, by stimulating their thinking, widening their knowledge and developing a better understanding of business and of the free enterprise system. Meetings, conferences, news bulletins and magazines, seminars, round-tables, plant visits with business executives, research projects and community services give students an insight into the practice of the management profession.

The S.A.M Performance Awards Plan was developed to encourage policies, activities, and procedures that strengthen the chapter, increase its value and service to its members, and embody good management, organization, planning, and control. During the past year competition was very keen among the university chapters participating, and reports revealed an increasing vitality and quality of achievement.

The *Remington Rand Performance Awards,* consisting of citation, banner and a cash award donated by Remington Rand, Inc., of New York, were presented by *Frank A. Kros,* Manager of Management Services and Operations Research, Remington Rand, Inc., and Professor *Harold Fischer* at the Awards Banquet, October 30, 1958, a special feature of the 2-day S.A.M Annual Fall Conference in New York City.

Tied for first place award--and all with perfect records—were: AMERICAN UNIVERSITY, BABSON INSTITUTE, BOSTON COLLEGE, INDIANA UNIVERSITY and LaSALLE COLLEGE (Evening Division). They were followed by OHIO UNIVERSITY, UNIVERSITY OF PITTSBURGH, RIDER COLLEGE, UNIVERSITY OF KANSAS, and MISSISSIPPI STATE COLLEGE. The LaSalle College-Evening Division and the University of Kansas Chapters established their records during their first year of operations.

Paul D. Newland of the Hamilton Watch Company presented the *Hamilton Watch Awards,* consisting of a citation and an electric Hamilton watch, made available through the Hamilton Watch Company of Lancaster, Pennsylvania, to the leading chapters in recognition of their achievement in advancing the art and science of management, and of their contribution to the growth of the Society through the chapters' significant increase in membership.

MISSISSIPPI STATE UNIVERSITY and INDIANA UNIVERSITY were first and second in total membership. The UNIVERSITY OF KANSAS and NORTHEASTERN UNIVERSITY were first and second in absolute increase, while the ROOSEVELT UNIVERSITY, PENNSYLVANIA MILITARY COLLEGE and NORTH TEXAS STATE COLLEGE chapters were leaders in percentage increases

The *Newsletter Award of Merit* was presented to the GEORGIA INSTITUTE OF TECHNOLOGY for the "Georgia Industry Project", and to the LOS ANGELES STATE COLLEGE-RAMONA CAMPUS chapter for the "Senior Placement Project".

Indications point to still higher levels of performance during the current academic year as the University Division continues increased service to its members. In addition, the *University Chapter Promotion and Coordination Awards* were presented to the BERGEN COUNTY, CINCINNATI, DALLAS, KANSAS CITY (2 citations), MILWAUKEE, MONTREAL (2 citations), ORANGE COAST, PHILADELPHIA, PITTSBURGH, PUERTO RICO, SANTA CLARA VALLEY, WASHINGTON, WESTERN NORTH CAROLINA, and WILMINGTON Senior Chapters in recognition of their achievement in advancing the art and science of management through the successful promotion and support of a University Chapter.

CONGRATULATIONS TO ALL FOR A JOB VERY WELL DONE!

Hamilton Watch Awards Presented

Left to Right: **Professor Fischer** presenting citations to **Joseph Winkler** for ORANGE COAST (Calif.) Chapter, to **Thomas S. Mertes** for WILMINGTON and to **Van Viot** for PITTSBURGH Chapter.

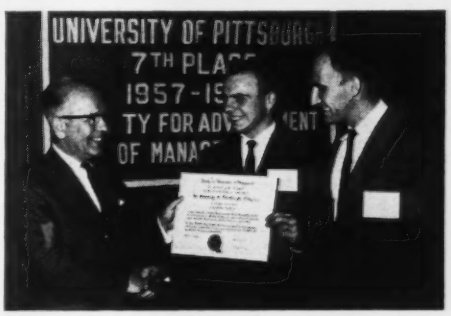
Paul D. Newland, Director of Public Relations, Hamilton Watch Company (center) receives the thanks of **Professor Harold Fischer**, Vice President S.A.M University Division (left) and **Harold R. Bixler** (right), S.A.M Executive Vice President, for the significant contribution of his company to the advancement of management in recognizing and encouraging performance by the Hamilton Watch Award—the world's first electric watch.

Remington Rand Performance Awards

← AMERICAN UNIVERSITY was represented by Paul McDonald, Robert Himmelsbach, Levon Garabedian, Robert Sibley, Dick Clampitt, Sofia Cukier, Carla van den Berg and Jean Stevenson. Not in the photo but of the group: Dick Hinderstein and Franklin Paulson.

OHIO UNIVERSITY was represented by Dr. E. Ted Hellebrandt, Peter B. Jackson, Marc S. Gillespie and Sven Sundquist, photographed with other Ohio students who attended the S.A.M conference. →

← BABSON INSTITUTE: (Left to right) Jos. S. Cappiali, George Smith, Raymond St. George, Robt. Lariviere, Edward Guild, James P. Sherry, William Knight and George Dumington.



UNIVERSITY OF PITTSBURGH— → Professor Fischer congratulating representatives George Willis and S. Jerome Mazur.

← INDIANA UNIVERSITY: (Left to right) Prof. Harold Fischer congratulating Wm. R. Elder, James Kneisley, Jack Skievasaki, Dr. Maneck S. Wadia, and Frank A. Kros of Remington Rand.

RIDER COLLEGE — Professor Fischer with (left to right) Professor Carl Nawoj, Charles Totoro, Robert Sophia, and Tony Marinucci. →

← BOSTON COLLEGE—Prof. Harold Fischer presenting award to Professor Justin B. Cronin, Paul McBrien, John B. Moran, Frank Horgan, Nicholas Mastronardi, and Richard Gudreau.

UNIVERSITY OF KANSAS—Professor Fischer making the presentation to Gene Ashbury as Mr. Kros of Remington Rand looks on. →

← LA SALLE COLLEGE—Evening Division: Frank A. Kros of Remington Rand presenting citation to Dean B. G. Paul, Joseph Hagen, Joseph Gilman, Vincent Romano, Robert Gear and Professor Joseph Crowley.

MISSISSIPPI STATE UNIVERSITY: → (Left to right) Professor Harold Fischer, Dr. John W. Darr, F. H. Laakso and Frank A. Kros of Remington Rand.

S. A. M *Newsletter*

Current news of interest to all S.A.M Members, specifically for the 900 Chapter and National Officers of the Society.

HAROLD R. BIXLER
Executive Vice President

NATIONAL OFFICE MAILINGS — All 900 Chapter and National Officers are reminded to check their particular interests in the following combined mailings sent Chapter Presidents and National Directors since the last listings. Please broadcast the particular information they contain in line with their specific purposes: Complimentary tickets to the National Business Show in New York City . . . Announcement about the new S.A.M Desk Set available to all members . . . Personal Data Questionnaire about National Directors . . . Postal Rate Information for Chapter Mailings . . . S.A.M National Conference and Workshop Schedule . . . S.A.M Publication "Industrial Safety Engineer—Organizational Position" . . . Monthly Reports on Membership Count by Grades, Chapters, and Regions . . . and Chapter standings in Chapter Performance Awards Plan Competition . . . Membership Campaign Kit, "Operation Skyrocket"—Membership promotion letters.

SELECTED PUBLICATIONS — "Business Looks At Business Education", **a study sponsored by the School of Business Administration, University of North Carolina, Chapel Hill, on the objectives of a business education and what industry expects from a business school. Write Prof.** Claude S. George **at the University . . .** Consumer Buying Motivation Study, **unique study covering both consumers' and sales peoples' opinions on the effect of advertising and promotion. Co-sponsored by the Arizona State College and the Phoenix Republic and Gazette. Write** William K. OpDyke, **120 East Van Buren Street, Phoenix, Arizona** . . . Automation Bibliography and Glossary of Automation Terms, **jam-packed with useful information of broad application. Write** William Evans, **National Office Management Association, Willow Grove, Pa.** . . . Decision-Making An Annotated Bibliography **published by the Graduate School of Business and Public Administration, Cornell University, co-sponsored by the McKinsey Foundation. Applies to research being conducted in such areas of management concern as decision-making, problem solving, and the creative process. Write** Paul Wasserman, **Graduate School Business and Public Administration, Cornell University, Ithaca, New York** . . . Facts About Our Business System. **The Attorney General has designated 286 organizations in our country as subversive. This publications was intended to offset their false and vicious propaganda by answering with facts about our business system effectively presented, easily understood, and widely distributed. Write Better Business Bureau of Metropolitan Boston, Boston, Mass.** . . . How To Obtain Financing Under the Small Business Investment Act of 1958. **This act is intended to overcome one of small business' greatest handicaps—its lack of access to equity capital and long-term dept capital. It is not just another Government "loan" program. It is a way to help free enterprise help itself—and to help local people own and operate business. The result should be rapid growth and modernization of small firms of all kinds. Write U. S. Government Printing Office, Washington 25, D. C.** . . . Financing Corporate Growth Through Investment Institutions. **27 easily read pages tracing the growth of financial intermediaries since 1920. Since the end of World War II Americans have entrusted about 80 per cent of their savings to "financial intermediaries" — chiefly banks, life-insurance companies, savings-and-loan associations, pension funds, investment companies and credit unions. Write** R. S. Burger, **The Amos Tuck School of Business Administration, Dartmouth College, Hanover, N. H.** . . . The Defense We Can Afford. **How much should the American people be willing to spend for security against their foes? This is a question that has no easy answer. But the American people, determined that their national defense be assured, and hoping to avoid war, cannot afford the luxury of not paying the bill. Write** James F. Brownlee, **Committee for Economic Development, 711 Fifth Avenue, New York City 22** . . . Business and Economic Conditions—**excellent monthly Newsletter on current monitary and economic activities. Confirms that the business recovery is continuing. Write First National City Bank, 55 Wall Street, New York City.**

CHANCE FOR ERROR—Sometimes the Editors of **Advanced Management** feel like the editor of a small town weekly who was severely criticized for an error which appeared in his paper, and who wrote in the following issue: "Yes, we know there were errors in last week's paper. We will further agree that there some errors in the issue of the week before. But before bawling us out too unmercifully about it, we want to call your attention to these facts:

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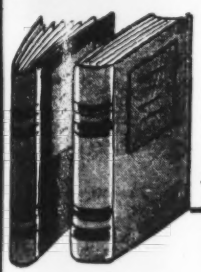
NATIONAL COUNCIL FOR SMALL BUSINESS MANAGEMENT DEVELOPMENT — Small Business Management Courses conducted through schools and colleges by this nationwide non-profit organization of management educators, businessmen, and government executives interested in the development of research and educational programs for small business managers. Co-sponsored by L. T. White, **S.A.M's National Vice President for Small Business. Write** Martin L. Shotzberger, **5111 Westridge Road, Washinaton, D. C. for details on "Sound Management Through Knowledge".** — The Foundation For Research On Human Behavior's **special seminars on "Adopting New Products: The Influence of Individuals and Groups". Most companies are concerned with problems of marketing new products. Research suggests reason why some new products fail and others catch on. Write** Samuel P. Hayes, Jr., **The Foundation For Research On Human Behavior, 1141 East Catherine Street, P. O. Box 11, Ann Arbor, Michigan.**

S.A.M National Executive Committee Meets In New York

Left to Right: (beginning with foreground, center front) George W. Talley, Vincent F. Flynn, Joseph W. Winkler, Wm. A. Barker, J. Gordon Campbell, John M. Barnes, Harold Fischer, Lester F. Zerfoss, David N. Wise, Hugo W. Druehl, Fred E. Harrell, Harold R. Bixler, National President Phil Carroll, Dause L. Bibby, Maurice R. Bachlotte, James E. Newsome, Wm. R. Willard (rear) Carl Beck, Wesley Kuether, Robert B. Curry, F. F. Bradshaw, A. D. Joseph Emersian, Hezz Stringfield, Jr., A. L. Bernd, and Marion Cusick (back to camera).



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GENERAL MANAGEMENT THEORY AND PRACTICE

A-42 WORKING UNION-MANAGEMENT RELATIONS by **Robert Dubin.** 302 pp. Prentice-Hall. 1958. $4.75.
Subtitled "The Society of Industrial Relations," this book gives a new slant on this key area of management concern. It analyzes the union and the company as social structures and applies the newer knowledge of group behavior to their relationships.

A-43 THE MOTIVATION, PRODUCTIVITY AND SATISFACTION OF WORKERS by **A. Zaleznik, C. R. Christensen** and **F. J. Roethlisberger.** Harvard Business School. 1958. $6.00.
A clear and valuable illustration of the kind of scientific knowledge which the Havard Business School has brought to the art of management. This book is based on an intensive study of the motivations and relationships of a typical group of production workers. The results cast new light on previous theories of organization and organization change, supervision, incentives, and productivity.

A-44 THE CHANGING OF ORGANIZATIONAL BEHAVIOR PATTERNS by **Raul R. Lawrence.** Harvard Business School. 1958. $4.00.
Subtitled "A Case Study of Decentralization," this is another basic contribution to understanding the psychological dimension of management problems. Examines in detail the process of making a major organizational change in a particular large company inshows how the change affected everyone involved. Provides new information on ways of getting a chain of command to deal with a specific problem and on means of getting people to make changes in their customary supervisory practices. Gives specific guidance on techniques for measuring changes in the behavior patterns of individuals at management levels.

MANAGEMENTS TOOLS AND TECHNIQUES

B-93 YOUR PUBLIC RELATIONS ARE SHOWING by **John N. Baker.** 312 pp. Twayne. 1958. $5.00.
A practical introduction to the principles and practice of good and bad public relations for business and professional men. Includes a series of commandments on public relations and a way of testing how good the public relations of your organization are.

B-94 MODERN SAFETY PRACTICES by **Russell DeReamer.** 371 pp. Wiley. 1958. $7.00.
An up-to-date review of all aspects of industrial safety principles, programs and procedures. Covers ways of developing safety-consciousness in employees, as well as specific safety devices and practices.

B-95 LINEAR PROGRAMMING METHODS by **Earl O. Heady** and **Wilfred Candler.** 606 pp. Iowa State. 1958. $5.95.
READINGS IN LINEAR PROGRAMMING by **S. VADJA.** 106 pp. Wiley. 1958. $3.00.
Two new and useful works on the principles of linear programming and their application to various planning and decision-making problems. The first is a general introduction which explains this approach and its uses with a minimum of mathematical terminology. The second is a collection of recent papers on different aspects of this technique, at the professional level.

B-96 THE APPRAISAL INTERVIEW by **Norman R. F. Maier.** 259 pp. Wiley. 1958. $5.95.
The first up-to-date review of the purposes and methods of evaluation interviews between supervisors and their subordinates. Most personnel development programs put heavy reliance on this device, but relatively little information has been available heretofore on ways of using it effectively.

B-97 PROCEEDINGS OF THE SECOND EIA CONFERENCE ON AUTOMATION SYSTEMS. 188 pp. Interscience. 1958. $5.00.
A selection of papers presented at a recent top level conference on the application of automation to business and industry. Covers methods and problems in this key developing area of management.

B-98 CORPORATE RECORDS RETENTION by **Robert B. Wheelan.** 206 pp. Controllership Foundation. 1958. $10.00.
The first comprehensive and authoritative guide to the important and complex question of U.S. federal government requirements on retention of corporate records. Covers requirements under 27 different areas of law, from taxation to labor to defense contracts and many other special problems. An essential guide to developing a records control system.

B-99 INDUSTRIAL TELEVISION by **H. A. McGhee.** 127 pp. Van Nostrand. 1958. $4.00.
An up-to-date exploration of the techniques and applications of television to business and industrial needs.

B-100 CENTRALIZED INFORMATION SERVICES by **Allen Kent** and **James W. Perry.** 164 pp. Interscience. 1958. $5.00.
A thoughtful discussion of opportunities and problems in the provision of centralized information services to large organizations, especially through libraries and reference services.

PERSONAL DEVELOPMENT

C-28 WATCH YOUR LANGUAGE by **Theodore M. Bernstein.** 287 pp. Channel Press. 1958. $3.95.
A lively informal guide to better writing. Written originally to give guidance to the staff of the **New York Times** on matters of word usage, style and editing, this book can improve anyone's handling of the written word.

C-29 WORD POWER by **Vernon Howard.** 247 pp. Prentice-Hall. 1958. $4.95.
A guide to self-improvement in speaking, both privately and in public. Shows how better speech can contribute to self-confidence and success.

C-30 THE GOOD BUSINESS TREASURE CHEST by **James A. Decker,** ed. 367 pp. Hawthorn. 1958. $4.95.
The magazine **Good Business** is devoted to showing how the principles of religion can be effectively applied to making business life at once more humane and more successful. This is an anthology of some of the best pieces that have appeared in this journal and includes essays by such well-known people as Lloyd C. Douglas, Governor Goodwin Knight of California and many others.

C-31 MATHEMATICS IN FUN AND EARNEST by **Nathan A. Court.** 250 pp. Dial Press. 1958. $4.75.
A readable review of the concepts of mathematics and their application to philosophical, scientific and practical problems. Readers who do not have a fairly good grounding in mathematics through calculus will be somewhat lost in this book, but those who do will find it interesting in putting their mathematical knowledge into a broader perspective.

THE WIDER VIEW

D-46 SOME THINGS WORTH KNOWING by **Stuart Chase.** Harper. 1958. $3.95.
Most people, looking at the vast complex of information, old and new, which makes up the continually expanding sum of human knowledge, feel somewhat lost. This book attempts the difficult task of identifying the key things which everyone ought to know in all major fields of knowledge from astronomy to biology to economics to science to religion to art. In addition to identifying the main landmarks, it gives guidance on ways of filling in details when and where they are needed. Brilliantly conceived and written, this brief book can add to anyone's breadth of understanding.

D-47 AND MARK AN ERA by **Melvin G. Copeland.** 384 pp. Little Brown. 1958. $6.00.
The story of the growth of the Harvard Graduate School of Business Administration from its beginnings half a century ago to the present. Tells of the key role this institution has played in advancing the once novel but now widely accepted idea that "the administration of business enterprise . . . can be a professional matter worthy of the time and attention of learned, thoughtful and responsible men."

D-48 THE EXPLODING METROPOLIS by **Editors of Fortune.** 193 pp. Doubleday. 1958. $3.95.
A well-written and well-documented analysis of the revolution in American life that is going on as our cities move out to the countryside and deteriorate at the center. Reaches some pessimistic conclusions about the kind of uncomfortable and disorganized communities we will be living in unless drastic action is taken soon. A thought-provoking book for everyone concerned with community life from either a business or a personal standpoint.

D-49 TIMES OF TRIAL by **Allan Nevins,** ed. 268 pp. Knopf. 1958. $5.95.
Subtitled "Great Crises in the American Past," this book is a collection of essays which first appeared in the **American Heritage** magazine. In each of them a leading historian describes and analyzes a critical period in American history, particularly in terms of the role played by the leading men involved and the light the particular crisis and its resolution casts on our national strengths and weaknesses. The events covered range from Benjamin Franklin's Albany Plan of Union in 1754, to the struggle between President Roosevelt and the Supreme Court in 1937 and covers the high points of our history in between.

D-50 YOU AND THE UNIVERSE by **N. J. Berrill.** Dod Mead. 1958. $3.50.
A challengingly original summary of what science now knows about man and his relationship to nature and the universe. Written by a distinguished biologist who is also an able writer and a deep thinker.

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TYPICAL S.A.M CHAPTER ACTIVITIES—JANUARY 1959

CHAPTER	SUBJECT	SPEAKER	PLACE	DATE
Alabama	"Use of Computers for Engineering Problems"	**Roy Adams,** Applied Science Representative, International Business Machine, Birmingham	Gula's Restaurant	13
Binghamton	Ladies Night	**Dwayne Orton,** Editor, "Think" Magazine, IBM	Carlton Hotel	14
Boston	"The Case Study Approach to Management Training"	**James Bright,** Professor, Harvard Business School	M.I.T. Faculty Club	8
Bridgeport	"Industrial Management"	**Rudolf Bannow,** Pres., Bridgeport Machines, Inc.	Algonquin Hotel	6
Central Pa.	"Sales Forecasting"	**Kenneth Powell,** I. B. M. Corporation	Autoport Restaurant, State College	15
Chattanooga	"Cost Control"	**James King,** Vice President, Burlington Industries, Greensboro, North Carolina	Continental Room, Read House	15
Chicago	"Profit Leaks—Organized Search and Effective Correction"	**Phil Carroll,** Management Consultant, Maplewood, New Jersey	Furniture Club of America	27
	Workshop—"Statistical Approaches to Work Measurement"	**R. F. Hess,** Senior Standards Engineer, Johns-Manville Products Corporation	Furniture Club of America	20
	"Employee Communication Techniques"	**Dr. Norman Sigband,** Chairman, Business English Department, DePaul University	Furniture Club of America	19
	"Some Applications of Queueing Theory"	**Frank Harrison,** Crane Packing Co., Morton Grove, Illinois	Hardings Presidential Grill	6
	"Use of I.B.M. Cards and Computer in Line with Production Control at Western Elec.	**William D. Vail,** Superintendent of Services, Western Electric Company	Furniture Club of America	13
Clearing	"Integration of Minority Groups Into Business"	**Virgil C. Martin,** Carson Pirie Scott & Co.	Clearing Industrial Club Rooms	20
Cleveland	"Paperwork Simplification—The Missing Link"	**Ben Graham,** Director, Methods Research, Standard Register Co., Dayton, Ohio		12
Dallas	"Motivating—What Makes Sammy Run"	**Dr. Ronald F. Wilson,** Partner, Lifson, Wilson & Ferguson, Dallas and Houston	Melrose Hotel	14
Detroit	"What is a Worker's Fair Share of a Company's Income"	**L. R. Boulware,** General Electric Co.	Engineering Society	20
Fox Valley	"Direct Costs—Everybody Participates"	Charles A. Walker, Asst. Treas., & Controller, Deltox Products, Oshkosh, Wisconsin	American Legion Club, Oshkosh, Wis.	8
Greensboro Area	"Mass Motivation"		Starmount Country Club	13
Greenville	"Clemson and the Industrial Community"	**Robert Edwards,** Acting President, Clemson College, Clemson, South Carolina	Elks Club	19
Hartford	"The Second Industrial Revolution"	**W. Ramshaw**		15
	Seminar—"Trends in Labor Relations"			21
Knoxville	"Marketing Manufactured Products"	**Charles P. Tombras,** President, Chas. P. Tombras & Associates, Knoxville, Tenn.	Deane Hill Country Club	13
	Plant Visitation		Bowaters Southern Paper, Calhoun	27
Lancaster	"Wage Incentives—The Key to Greater Productivity"	**Bruno A. Moski,** Director of Industrial Engineering, Yale & Towne Mfg. Co., Philadelphia	Hotel Brunswick	20
Lehigh Valley	"Value Analysis"	**W. L. Healy,** Specialist, Laboratories Dept., General Electric Co., Philadelphia	Walp's Restaurant, Allentown, Pa.	6
London District	"The Role of Government in the Field of Labour-Management Relations"	**The Honourable Michael Starr,** Minister of Labour, Ottawa	Hook's Restaurant	15
Long Island	"Marketing"			26
Los Angeles	"Management Reliability"	**Frank Squires**		15
Madison	"Put More of You in Your Job"	**Harry Manzer,** General Agt., Wash. Ins. Co.	Cuba Club	7
Milwaukee	"Responsibilities of Managers in Public Affairs"	**Hoyt P. Steele,** Manager, Government Relations Service, General Electric Company	ESM Building	8
Montreal	"Better Workmanship Through Quality Evaluation"	**R. Vance Ward,** Specialist, Statistical Quality Control, Canadian Industries, Limited	Ritz Carlton Hotel	14
New Haven	"Quality vs. Incentive Pay"—Panel Discussion—Joint Meeting with A.S.Q.C.	Chairman of Panel, Mr. **Robert Jones**	Reilly's Restaurant Hamden, Conn.	22
No. Alabama	Plant Tour		Martin Stamping Co.	8
Northeastern Pa.	"Recent Developments in Management"	**Dr. Lillian Gilbreth**	Hotel Sterling, Wilkes-Barre	5
N. New Jersey	"Economics of Pre-Determined Times vs. Stop Watch Times"		Hotel Surburban, East Orange	15
	"Methods-Time Measurement"		W.B.Driver Co.	14,21 28
	Plant Visit—"Plant Layout & Material Handling"		Westinghouse Meter Division, Orange and Plane Sts.	27
Orange Coast	"Creativity"	**Max Skousen**	Palms	8
Philadelphia	"Are Current Management Concepts Becoming Obsolete"	**Dr. G. Jay Anyon,** Wharton School, University of Pennsylvania, Philadelphia, Pa.	Poor Richard Club	6
Pittsburgh	"Incentives, Work Methods and Education of Engineers in Russia"	**D. J. Carney**	Penn-Sheraton Hotel	15
Providence	"Supervisory Training"	**Robert Hayes,** American Tel. & Tel. Corp.	Brown Refrectory	8
Raritan Valley	Plant Managers' Conference—"Reducing Overhead"	Chairman, **Charles Petzold,** Plant Manager, Peter J. Schweitzer, Inc., Spotswood, N. J.	Rutgers University	21
	"Efficiency, Its Concept and Accomplishment"	**Frank Federici,** Director, Associated Industrial Consultants, Trenton, New Jersey	Rutgers University Commons	21
Reading	"Maintenance and Its Relation to Cost Reduction"	**Robert Stevens,** Director, Industrial Management Institute	Iris Club	12
St. Louis	"Function of the Federal Mediation and Conciliation Service"	**William F. White,** Regional Director, Federal Mediation & Conciliation Serv., St. Louis, Mo.		27
Washington	Defense Department Night—"Reorganization of the Department of Defense"	Lt. General **James M. Gavin**		21

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CHAPTER PERFORMANCE AWARDS REPORT

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Knoxville	3767	Pittsburgh	2324
Providence	3492	Montreal	2306
No. Alabama	3420	Bridgeport	2302
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Milwaukee	2895	Clearing	1693
Greenville	2781	Wilmington	1636
Lehigh Val.	2658	Detroit	1478
Lancaster	2638	Chattanooga	1406
Nashville	2609	Richmond	1350
Los Angeles	2585	St. Louis	1350
Reading	2567	N. E. Penna.	1201
Washington	2545	C. Penna.	1105
Binghamton	2483	W. Mass.	1097
Raritan Val.	2405	Hartford	1090
New Haven	2386	Poughkeepsie	454
London	2372	Cleveland	375
Boston	2332	San Diego	108

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(Cont'd.) TYPICAL S.A.M CHAPTER ACTIVITIES—JANUARY 1959 (Cont'd.)

CHAPTER	SUBJECT	SPEAKER	PLACE	DATE
Western Mass.	"Mathematical Programming in Layman's Language"	N. V. Reinfeld, Managing Director, National Institute of Management	Storrowton Inn, West Springfield	14
W. No. Carolina	"Management's Responsibility to the Nation"	Stanley deJon Osborne, Pres., Olin Mathieson	Battery Park Hotel, Asheville	21
Wilmington	"Using Memo-motion"	Professor W. J. Richardson, Lehigh University	Lord De La Warr Hotel	13

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